

**ST. LOUIS
DEVELOPMENT
CORPORATION**

Vincent C. Schoemehl, Jr
Mayor

Larry T. Bushong
Executive Director

330 North 15th Street
St. Louis, MO 63103
(314) 622-3400

Fax
(314) 622-3413
(314) 231-2341

RECEIVED
SEP 17 1992
STPG SECTION

September 17, 1992

Mr. Victor Lyke
U.S. Environmental Protection Agency
Region VII, Superfund Branch
726 Minnesota Avenue
Kansas City, Kansas 66101

Re: Carter Carburetor Site, 2840 North Spring Avenue,
St. Louis, Missouri

Dear Mr. Lyke:

This is in response to a letter which we received from Mr. Robert L. Morby containing a "First Information Request" regarding the above-referenced property.

1. Michele Duffe
St. Louis Development Corporation
330 North 15th Street
St. Louis, Missouri 63103
(314) 622-3400

2. Alice McAllister
St. Louis Development Corporation
330 North 15th Street
St. Louis, Missouri 63103
(314) 622-3400

Denise Frye
St. Louis Development Corporation
330 North 15th Street
St. Louis, Missouri 63103
(314) 622-3400

3. Will identify as appropriate
4. Unknown
5. Unknown



S00072990
SUPERFUND RECORDS

Mr. Victor Lyke
September 17, 1992
Page 2

6. ACF Industries, Inc.
330 Rider Trail South
Earth City, Missouri 63045
(314) 344-450

Anthony Sestric (attorney for ACF Industries)
22 Morgan Street, Laclede's Landing
St. Louis, Missouri 63102
(314) 241-8600

Hubert R. Thompson
641 Allen
St. Louis, Missouri 63125
(314) 892-8777

Ed Pivaratto (whereabouts unknown)

Carter Building, Inc.
3901 North Kingshighway Boulevard
St. Louis, Missouri 63115
Attention: George Moore, President
(314) 385-4567

7. The Land Reutilization Authority of the City of St. Louis, Missouri ("LRA") originally acquired all of City Block 2386, as well as Parcel No. 2382-00-0600 (hereinafter, together with City Block 2386, the "Property"), from ACF Industries, Inc. ("ACF") (see address noted in response to Question No. 6) by deed accepted April 26, 1985, pursuant to LRA's authority to accept title to abandoned and tax delinquent property (copy of deed attached and marked Exhibit A). Nothing in LRA's records indicates that the Property was appraised at that time, but LRA paid nothing to ACF for the Property.

Following LRA's immediate conveyance of the Property to Hubert R. Thompson (see address noted in response to Question No. 6) on April 26, 1985, Mr. Thompson apparently subdivided a parcel of the Property (said parcel formerly consisting of City Block 2386, Parcel 200) and conveyed a portion of said subdivided parcel (said portion, following said subdivision, being known as Parcel No. 2386-00-0250) to Ed Pivaratto.

Mr. Pivaratto apparently failed to pay real estate taxes on said parcel and, as a result, the parcel was sold pursuant to Tax Suit No. 73. Because the Sheriff failed to receive any bid for the parcel at the taxsuit sale equalling or exceeding the amount of all taxes and fees due with respect to the parcel, LRA was deemed to have bid on same (without having actually bid) pursuant to the provisions of Section 92.830, R.S.Mo. (1986). The Sheriff's sale took place on August 20th, 21st and 22nd, 1991. In accordance with the provisions of Section 92.830, R.S.Mo. (1986), the "sale" of the parcel to LRA was confirmed on December 6, 1991 and title to Parcel 2386-00-0250 was conveyed to LRA on February 2, 1992 (copy of relevant portions of Sheriff's Deed attached hereto and incorporated as Exhibit B). As of such conveyance, LRA estimated the value of Parcel 2386-00-0250 under forced sale conditions to be \$7,000.00.

8. LRA has never conducted any activities on the Property. ACF operated Carter Carburetor on the Property; dates of operation unknown. According to an application submitted by Mr. Thompson to LRA (copy attached hereto and incorporated herein as Exhibit C) his intention, following his acquisition of the Property from LRA, was to operate a trucking and container storage business and a warehousing and distribution service facility on the Property. LRA has no knowledge of the activities conducted on the Property by Ed Pivaratto or Carter Building, Inc.
9. There is no relationship between LRA and the previous and subsequent owners or operators of the Property.
10. See copies of letters from ACF directed to LRA noting the existence of transformers and underground storage tanks on the Property (copies of letters attached and incorporated herein as Exhibit D). See also copy of letter from Environmental Operations, Inc. (copy attached and incorporated herein as Exhibit E).
11. LRA has no such information except as otherwise noted in response to Question No. 10.
12. Parcel No. 2386-00-0250 is improved by a one-story industrial building containing approximately 87,500 square feet. Parcel 2382-00-060 is a vacant lot measuring approximately 2.592 acres. Parcels 2386-00-0100, 2386-00-0200 and 2386-00-0250, together,

comprise the site of the former Carter Carburetor. The total area of those parcels is approximately 7.15 acres. LRA has no further information concerning the physical characteristics of the site.

13. LRA has no information concerning the matters inquired about in Question No. 13 other than as previously provided in response to Question Nos. 6, 7 and 8.
14. LRA has no information concerning the matters inquired about in Question No. 14 other than that provided in response to Question No. 10.
15. LRA has no knowledge or reason to know of any ongoing or planned investigations of the soil, water (ground or surface) geology, hydrogeology, or air quality on or about the Property. Carter Building, Inc. may have knowledge regarding such matters.
16. LRA has no information concerning the matters inquired about in Question No. 16.
17. LRA has no information concerning the matter inquired about in Question No. 17.
18. See response to Question No. 6; LRA otherwise has no knowledge concerning the matters inquired about in Question No. 18.
19. LRA is a public corporation acting in a governmental capacity, created pursuant to the provisions of Section 92.875 et seq., R.S.Mo. (1986). LRA was created to "foster the public purpose of returning land which is in a nonrevenue generating nontax producing status, to effective utilization in order to provide housing, new industry, and jobs for the citizens of [the City of St. Louis] ... and new tax revenues for [the] ... [C]ity." Section 92.875(2), R.S.Mo. (1986).
20. Monsignor Salvatore Polizzi, Chairman; serves on the Board of Commissioners of LRA and presides over meetings of said Board.

Benjamin M. Price, Vice Chairman; serves on the Board and presides over meetings of the Board in the absence of the Chairman.

Mr. Victor Lyke
September 17, 1992
Page 5

Milton M. Svetanics, Secretary; serves as a member of the Board.

Larry T. Bushong, Executive Director; reports to the LRA Board of Commissioners, executes contracts and documents in behalf of LRA, directs employees of the St. Louis Development Corporation who provide services necessary to enable LRA to carry out its purposes.

21. Copies of the policies currently in effect are attached hereto and incorporated herein as Exhibit F. Copies of policies previously in effect have been requested and will be provided immediately upon LRA's receipt of same.
22. (There was no Question No. 22).
23. Copies of financial statements and audits for the years 1985 through 1990 are attached hereto and incorporated herein as Exhibit G. The Audit for 1991 is not yet complete.
24. See response to Question No. 23. Copies of the annual budget for the years 1989 through 1992 are attached hereto and incorporated herein as Exhibit H; unable to locate a copy of the budget for 1987 or 1988. LRA, as a public corporation acting in a governmental capacity, is exempt from federal and state income taxes, and therefore, is not required (and does not) complete tax returns.
25. LRA has no knowledge of any persons who may be able to provide a more detailed or complete response or additional documents other than those already identified.
26. See response to question 25.

Please let me know if you have any questions.

Very truly yours,

/s/ Michele Duffe

Michele Duffe

by ESW

cc: Ms. Jennifer McDonald

STATE LAND SURVEY AUTHORITY FILE NO.
CORPORATE QUIT CLAIM DEED

max 462 164

WHEREAS, ACF INDUSTRIES, INCORPORATED, a New Jersey Corporation, hereinafter referred to as the Grantor, formerly manufactured and sold automotive products under the name of Carter Carburetor and Carter Automotive Products Division, and,

WHEREAS, continued business losses by Grantor have caused Grantor to seek to permanently cease, withdraw from, and abandon the automotive products industry, and

WHEREAS, Grantor had previously occupied the below-described premises as a part of its automotive products business, and

WHEREAS, Grantor has terminated all activity at the below-described premises and has terminated and evacuated all employees and personal property of its automotive products division from such premises, and

WHEREAS, Grantor has abandoned the below-described premises, and

WHEREAS, there are currently unpaid real estate property taxes due and owing on the below-described property, and

WHEREAS, the LAND REUTILIZATION AUTHORITY OF THE CITY OF ST. LOUIS, MISSOURI, a public corporation acting in a governmental capacity, hereinafter referred to as "Grantee", is empowered to accept, receive, or take title to abandoned and tax delinquent property,

NOW, THEREFORE, in consideration of the above circumstances and premises, ACF INDUSTRIES, INCORPORATED, a New Jersey Corporation, herein after referred to as "Grantor", for and in consideration of the above statements, and other valuable considerations, does by these presents remise, release, and forever quit claim unto the LAND REUTILIZATION AUTHORITY OF THE CITY OF ST. LOUIS, MISSOURI, a public corporation acting in a governmental capacity, with its offices at 2807 Washington Avenue, St. Louis, Missouri 63108, herein referred to as Grantee, and its successors and assigns, the following described land, situated in the City of St. Louis, State of Missouri, to-wit:

All of Block 2386 in the City of St. Louis, Missouri.

ATT: DENISE FRYE

2386-00-100
2386-00-200

To have and to hold the same, with all buildings, and fixtures attached, with all of the rights, immunities, privileges, and appurtenances thereto belonging unto the said Grantor and unto its successors and assigns forever, so that neither the said Grantor nor any other person or entity for it or in its name or behalf shall or will hereafter claim or demand any right or title to the aforesaid premises or any part thereof, but it and each of them shall, by these presents, be excluded and forever barred.

IN WITNESS WHEREOF, the Grantor has caused these presents to be executed this 29th day of December, 1984.

ACF INDUSTRIES, INCORPORATED

By Henry M. Parrish
HENRY M. PARRISH
Vice-President
Grantor

LAND REUTILIZATION AUTHORITY OF
THE CITY OF ST. LOUIS, MISSOURI

By Michelle Duff
Michelle Duff, Secretary
Grantee
4/16/84
4:52 PM

STATE OF MISSOURI)
CITY OF ST. LOUIS) SS.

On this 29th day of December, 1984, before me, the undersigned, a Notary Public, personally appeared HENRY M. PARRISH, to me personally known, who being by me duly sworn did say that he is the Vice-President of ACF Industries, Incorporated, a New Jersey Corporation, and that the seal affixed to the foregoing instrument is the corporate seal of the corporation, and that the instrument was signed and sealed on behalf of ACF Industries, Incorporated, by authority of its Board of Directors, and that the undersigned, Henry M. Parrish acknowledged the instrument to be the free and lawful act and deed of the corporation.

Anthony J. Sartore
Notary Public

My Comm. Expires 12/31/85
St. Louis City, Missouri
My Exp. Date 12/31/85

MISSOURI)
CITY OF ST. LOUIS) SS.

On this 29th day of April, 1985, before me, the undersigned, a Notary Public, personally appeared Michelle Duff, to me personally known, who being by me duly sworn did say that the grantee is the Party Director of the Land

NEW 452 MAR 189

Reutilization Authority of the City of St. Louis, Missouri and that she has executed the above and foregoing instrument acknowledging the acceptance of the conveyance, and that she has executed said instrument on behalf of the Land Reutilization Authority, and that she said Deputy Director acknowledged the instrument and acceptance to be the free act and deed of the Land Reutilization Authority of the City of St. Louis.

W. A. Dandridge
WART A. DANDRIDGE, NOTARY PUBLIC
State of Missouri, County of St. Louis
My Commission Expires January 24, 1967

END OF DOCUMENT

USER FEE \$ 4.00
 RECORDING FEE \$ 143.00
 TOTAL \$ 147.00

ATT: DENISE FAYE

BOOK H900 PAGE 0207

SHERIFF'S DEED UNDER FORECLOSURE OF LIENS FOR DELINQUENT TAXES

IN THE MATTER OF THE FORECLOSURE)
 OF LIENS FOR DELINQUENT LAND TAXES)
 BY ACTION IN REM, COLLECTOR OF)
 REVENUE FOR THE CITY OF ST. LOUIS,)
 MISSOURI,)

PLAINTIFF

VS.

PARCELS OF LAND ENCUMBERED WITH)
 DELINQUENT TAX LIENS)

DEFENDANT.

LAND TAX SUIT NO. 73

DIVISION NO. 3

FILED OF ST. LOUIS, MO.
 FILED FC - 0730RD
 134
 2 55 PM '92

THIS DEED made and entered into this 2nd day of July, 1992, between JAMES W. MURPHY, SHERIFF OF THE CITY OF ST. LOUIS, MISSOURI, of the first part and

THE LAND REUTILIZATION AUTHORITY OF THE CITY OF ST. LOUIS, MISSOURI, 330 North 15th Street, St. Louis, Missouri, 63105 of the other part.

WITNESSETH, that whereas, on the 12th day of October, 1990, in above entitled clause, the same being a proceeding under THE MUNICIPAL LAND REUTILIZATION LAW, in the Circuit Court of the City of St. Louis, Missouri in Division No. 3 thereof, judgment was rendered establishing liens against certain parcels of real estate hereinafter described for the principal amount of delinquent tax bills, together with interest, penalties, attorneys' fees and costs computed as of the date of the judgments; and

WHEREAS, it was further ordered, adjudged and decreed by said Court in said judgment that the foregoing liens for delinquent land taxes be foreclosed, and that such parcels of real estate be sold by the Sheriff of the City of St. Louis, Missouri, subject to the rights-of-way thereon of public utilities on which tax has been otherwise paid, and subject to any liens thereon of the United States of America, and if not sold then to THE LAND REUTILIZATION AUTHORITY OF THE CITY OF ST. LOUIS, MISSOURI, subject also to the liens of any tax bills which have attached to such parcel of real estate, not then delinquent, or which may have attached after the filing of the petition and prior to the Sheriff's sale and not included in any answer to such petition, at a public sale to be held at the East Front Door of the Civil Courts Building, 11th and Market streets, St. Louis, Missouri, the same being the same front

PARCEL OF 1850000007 etc
 C.O.V. 2/1/92
 DATE 2/1/92

2386-06-00250

H900 P101 0244

Sult 73-431

Parcel 2386-00-0250

Sold to the Land Reutilization Authority for bid \$15,436.14

All of Lots 6 and 7 and part of Lots 8, 11, 12 and 13 in Block 2 of Page and McPherson's Subdivision and in Block 2386 of the City of St. Louis, and described as beginning at the Eastern most corner of said Lot 6; thence Southwardly along the Northeastern line of Grand Blvd. 351.36 feet to a point; thence Northwardly and parallel with the Southwestern line of Dodier Street, 251.32 feet to a point; thence Southwest of the Northeast line of said Lot 6; thence Northeastwardly 351.33 feet to a point in the Northeast line of said Lot 13; thence Southeastwardly along the Northeast line of said Lot 6 to the point of beginning.. Together with all improvements thereon, if any, known as and numbered 2386 North Grand and also known as parcel 2386-00-0250.

Sult 73-443

Parcel 3254-00-0700

Sold to the Land Reutilization Authority for bid \$805.23

The Northern 18 feet of Lot 17 and all of Lot 18 and the Southern 7 feet of Lot 19 of Blow and Ewing's Subdivision and in Block 3254 of the City of St. Louis, together fronting 50 feet on the West line of Minnesota Avenue, by a depth Westwardly between parallel lines of 138 feet 6 inches, more or less, to an alley.. Together with all improvements thereon, if any, known as and numbered 8617 Minnesota and also known as parcel 3254-00-0700.

Sult 73-444

Parcel 3254-00-0800

Sold to the Land Reutilization Authority for bid \$374.67

The Northern 18 feet of Lot 15, all of Lot 16 and the Southern 7 feet of Lot 17 of Blow and Ewing's Subdivision and in Block 3254 of the City of St. Louis, together fronting 50 feet on the West line Minnesota Avenue, by a depth Westwardly of 130 feet 6-1/4 inches, more or less, to an alley.. Together with all improvements thereon, if any, known as and numbered 8625 Minnesota and also known as parcel 3254-00-0800.

Sult 73-449

Parcel 1284-00-4200

Sold to the Land Reutilization Authority for bid \$556.66

the Northern 46 feet 1-3/4 inches of the Southern 87 feet 7-3/4 inches of Lot 25 to 28 inclusive, and of the Western 20 feet of Lot 29 in Block 4 of Compton Hills Addition and in Block 1284 of the City of St. Louis fronting 46 feet 1-3/4 inches on the East line of Theresa Avenue, by a depth Eastwardly of 118 feet; bounded south by a line 41 feet 6 inches North of the North line of Eads Avenue.. Together with all improvements thereon, if any, known as and numbered 1550 South Theresa and also known as parcel 1284-00-4200.



**LAND
REUTILIZATION
AUTHORITY**

1007 Washington
St. Louis, Missouri 63106
(314) 661-2000

Thomas J. J.
Chairman,
Board of Comm.
John P. Fer
Vice Chairman,
Board of Comm.
Benjamin M.
Secretary,
Board of Comm.
Richmond A.
Executive Dir.
Michaela D.
Deputy Director

PLANS FOR THE PROPERTY

PARCEL NUMBER: _____ SUIT NUMBER: _____

ADDRESS: _____

X I PLAN TO (CHECK ONE):

_____ REHAB AND LIVE IN PROPERTY

_____ REHAB AND RENT PROPERTY

_____ REHAB AND SELL PROPERTY

_____ OPEN A BUSINESS, WHAT TYPE? _____

X OTHER (EXPLAIN BELOW OR USE ADDITIONAL SHEETS):

move existing business (Trucking & Cart Storage) and Expand into more warehousing and Distribution Services for the Railroad Industry & various Manufacturers

HAVE YOU DONE REHAB WORK BEFORE? yes

IF SO, GIVE ADDRESS OF PROPERTY: 3641 Lierman, St. Louis AND 3656 Alberta St. Lou

FINANCING:

INDICATE THE MEANS BY WHICH YOU PROPOSE TO FINANCE THE TYPES OF IMPROVEMENTS AS INDICATED ABOVE (CHECK ONE OR MORE):

X PERSONAL FUNDS

IF OFFER IS ACCEPTED, WHAT AMOUNT OF CASH DO YOU HAVE TO BUY PROPERTY? 100,000.00

_____ TITLE I HOME IMPROVEMENT LOAN

_____ BANK OF SAVINGS & LOAN CONSTRUCTION LOAN

_____ OTHER (EXPLAIN BELOW):

Industrial Revenue bonds if available

ADDITIONAL DATA OR INFORMATION:

IN THE SPACE PROVIDED, OR USE ADDITIONAL SHEETS IF NECESSARY, STATE OR GIVE ANY ADDITIONAL INFORMATION WHICH YOU FEEL WOULD BE HELPFUL TO THE LAND REUTILIZATION AUTHORITY IN MAKING THEIR DECISION TO ACCEPT OR REJECT YOUR OFFER TO PURCHASE REAL ESTATE:

I already have business lined up and available upon me acquiring property, also am already involved in warehousing but I am hampered because I don't have enough space to provide full warehousing services. If I can acquire this property I could employ more local people in area of property which is in depressed area. Also Revenue to City would be increased (Taxes). I could use on full time basis approx. 50 employees almost immediately.

HOW DID YOU SELECT PROPERTY?

_____ SIGN _____ AD _____ LIST _____ NEIGHBORHOOD HOUSE OF THE MONTH

_____ PICTURES IN LOBBY

X OTHER (EXPLAIN): Word of Mouth

NAME: (SIGNATURE)

DATE:

4-10-83



ACF INDUSTRIES

INCORPORATED

3301 RIDER TRAIL SOUTH EARTH CITY, MISSOURI 63045-1393 • (314) 344-4500

April 25, 1985

The Land Reutilization Authority
of the City of St. Louis, Missouri
3807 Washington Avenue
St. Louis, Missouri 63108

Re: Premises: 2840 North Spring Avenue
St. Louis, Missouri

Gentlemen:

With regard to our letter to you of December 29, 1984, insofar as it relates to the nineteen (19) underground tanks on the above premises, we wish to confirm to you that the decommissioning and backfilling of the said tanks with a sand, cement, fly ash and water mixture was completed to our satisfaction in January, 1985. We note for your information that we were not required to undertake such work by any environmental law or regulation, but preferred to ensure that said tanks were empty of their previous hydrocarbon contents and any vapors, in the interests of safety.

Please acknowledge your receipt hereof and understanding of the above by signing and returning the enclosed copy of this letter.

Very truly yours,

ACF Industries, Incorporated

By: 

Senior Vice President

The Land Reutilization Authority
of the City of St. Louis, Missouri

By: 

Duly Authorized Representative

4/26/85
4:25 P.M.

Received from RA
Robert L. Thompson
4/26/85



ACF INDUSTRIES

INCORPORATED

3301 RIDER TRAIL SOUTH, EARTH CITY, MISSOURI 63045-1393 • (314) 344-4500

December 29, 1984

The Land Reutilization Authority
of the City of St. Louis, Missouri
3807 Washington Avenue
St. Louis, Missouri 63108

Re: Premises: 2840 North Spring Avenue
St. Louis, Missouri

Gentlemen:

For your information, and to facilitate compliance with certain environmental statutes and regulations which we believe applicable to the electrical equipment and tanks referenced below, we wish to advise as follows:

1. Each of the twenty (20) transformers now on the premises contains Askarel fluid (PCB). Each of the capacitors and switch gear on the premises contains low levels of PCB's. Each of the transformers and capacitors are properly marked in accordance with applicable environmental laws and regulations, while the switch gear, in our opinion, is not required to be so marked. (See 40 CFR 761)
2. There are nineteen (19) underground storage tanks on the premises, previously used solely for hydrocarbons, ten (10) of which, as of this date, have been backfilled with a sand, cement, fly ash and water mixture, with the remaining tanks in process of decommissioning and backfilling. We note that it is our understanding that unused (inactive) underground tanks are subject to certain reporting requirements under Subtitle I of the Resource Conservation and Recovery Act.

Please acknowledge your receipt hereof and understanding of the above by signing and returning the enclosed copy of this letter.

Very truly yours,

ACF Industries, Incorporated

By: 

Senior Vice President

The Land Reutilization Authority
of the City of St. Louis, Missouri

By: 

Duly Authorized Representative

4/25/85
4:25 P.M.

Received from LRA
Hubert R. Thompson
4/26/85

**ENVIRONMENTAL
OPERATIONS, INC. HAZARDOUS WASTE AND UNDERGROUND TANK MANAGEMENT**

2649 PESTALOZZI STREET ST. LOUIS, MO 63118 314/771-8442 FAX 314/771-5772

14 July 1992

Mr. Eric Klipsch
St. Louis Development Corporation
330 N. 15th Street
St. Louis MO 63102

Mr. Klipsch:

This letter will serve as proposal for Environmental Operations' project no. 4532; PCB transformer and capacitor disposal, Former Carter Carburetor facility, Corner of Grand and St. Louis Avenues, St. Louis, Missouri.

Scope of Work

Provide services, labor, and materials necessary to:

Drain and demount three transformers, and demount 22 capacitors as identified in the attached inventory.

Load containerized fluids, transformer carcasses, and palletized capacitors. Supply permitted transport to Aptus-Coffeyville, Kansas. PCB fluids and capacitors to be incinerated, carcasses to be transshipped for permitted land disposal.

Provide permitted transport and disposal for one 55 gallon container of debris to be generated during draining operations.

Provide documentation of services performed in a letter report.

Assumptions: Capacitors shall not be leaking. Transformer carcass exteriors shall be free from PCB contamination.

continued

PN4532 Proposal

Cost/Schedule

Onsite work to begin 7 days from notice-to-proceed.

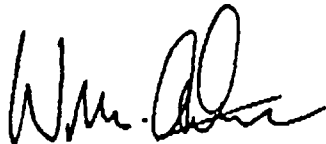
Onsite work is estimated to require 3 days for substantial completion.

Fixed cost for work as described: 29,492.00

Work beyond that specified above may be performed at your direction in accordance with the attached billing schedule.

If you wish to proceed with the scope of work, please sign where indicated and initial the attached terms and conditions. If you have any questions or require more information, please do not hesitate to call.

Sincerely

A handwritten signature in black ink, appearing to read 'William Atkins', with a stylized flourish at the end.

William Atkins
Vice President

WA:os
Attachments

ACORD INSURANCE BINDERCSR KR ISSUE DATE (MM/DD/YY)
02/28/92THIS BINDER IS A TEMPORARY INSURANCE CONTRACT, SUBJECT TO THE CONDITIONS SHOWN ON THE ATTACHED
PAGE OF THIS FORMINSURER
aGroup, Inc.COMPANY
Travelers Insurance Company

BINDER NO. 172

7751 Carondelet, Suite 406
Clayton, MO
63105
Kathy L. Riley
725-1414

| DATE | EFFECTIVE | TIME | DATE | EXPIRATION | TIME |
|----------|-----------|------|----------|------------|----------|
| 03/01/92 | 12:01 | X AM | 04/01/92 | X | 12:01 AM |
| | | PM | | | NOON |

CODE SUB-CODE

INSURED

Land Reutilization Authority
and Operation Impact
330 N. 15th Street
St. Louis, MO
63103X THIS BINDER IS ISSUED TO EXTEND COVERAGE IN THE ABOVE NAMED
COMPANY PER EXPIRING POLICY NO: UJ660345J1697DESCRIPTION OF OPERATIONS/VEHICLES/PROPERTY (including Location)
Property & Liability Hazards,
Auto and Equipment

| COVERAGES | | LIMITS | |
|---|-----------------------------------|-------------------------------|---------------------|
| TYPE OF INSURANCE | COVERAGE/FORMS | AMOUNT | DEDUCTIBLE COINSUR. |
| PROPERTY CAUSES OF LOSS BASIC BROAD X SPEC. | Per attached Summary of Insurance | | |
| GENERAL LIABILITY | | GENERAL AGGREGATE | \$ 1000000 |
| X COMMERCIAL GENERAL LIABILITY | | PRODUCTS - COMMODITY AGG. | \$ 1000000 |
| CLAIMS MADE X OCCUR | | PERSONAL & ADV. INJURY | \$ 500000 |
| OWNER'S & CONTRACTOR'S PROT. | | EACH OCCURRENCE | \$ 500000 |
| 0 deductible-Prop. Dam | | FIRE DAMAGE (Any one fire) | \$ 50000 |
| | RETRO DATE FOR CLAIMS MADE: / / | MED. EXPENSE (Any one person) | \$ 5000 |
| AUTOMOBILE LIABILITY | | COMBINED SINGLE LIMIT | \$ 1,000,000 |
| X ANY AUTO | | BODILY INJURY (Per person) | \$ |
| ALL OWNED AUTOS | | BODILY INJURY (Per accident) | \$ |
| SCHEDULED AUTOS | | PROPERTY DAMAGE | \$ |
| X HIRED AUTOS | | MEDICAL PAYMENTS | \$ 1,000 |
| X NON-OWNED AUTOS | | PERSONAL INJURY PROT. | \$ |
| GARAGE LIABILITY | | UNINSURED MOTORIST | \$ 50,000 |
| AUTO PHYSICAL DAMAGE DEDUCTIBLE ALL VEHICLES X SCHEDULED VEHICLES | | ACTUAL CASH VALUE | |
| X COLLISION: 250 | | STATED AMOUNT | \$ |
| X OTHER THAN COL: 100 | | OTHER | |
| EXCESS LIABILITY | | EACH OCCURRENCE | \$ |
| UMBRELLA FORM | | AGGREGATE | \$ |
| OTHER THAN UMBRELLA FORM | RETRO DATE FOR CLAIMS MADE: / / | SELF-INSURED RETENTION | \$ |
| WORKER'S COMPENSATION AND EMPLOYER'S LIABILITY | | STATUTORY LIMITS | |
| | | EACH ACCIDENT | \$ |
| | | DISEASE-POLICY LIMIT | \$ |
| | | DISEASE-EACH EMPLOYEE | \$ |

SPECIAL CONDITIONS/OTHER COVERAGES

Scheduled Maintenance Equipment: \$40,727
Unscheduled Equipment: \$10,000 (not to exceed \$500 any one item)

NAME & ADDRESS

MORTGAGEE

ADDITIONAL INSURED

LOSS PAYEE

LOAN #

AUTHORIZED REPRESENTATIVE

Kathy L. Riley

ACORD CERTIFICATE OF INSURANCE

CSR KR ISSUE DATE (MM/DD/YY)
02/28/92

PRODUCER

Group, Inc.
Marondelet, Suite 406
Clayton, MO
63105
Kathy L. Riley
725-1414

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

COMPANIES AFFORDING COVERAGE

COMPANY LETTER A Travelers Insurance Company
COMPANY LETTER B
COMPANY LETTER C
COMPANY LETTER D
COMPANY LETTER E

INSURED
Land Reutilization Authority
and Operation Impact
330 W. 15th Street
St. Louis, MO
63103

COVERAGES

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN. THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

| CO LTR | TYPE OF INSURANCE | POLICY NUMBER | POLICY EFFECTIVE DATE (MM/DD/YY) | POLICY EXPIRATION DATE (MM/DD/YY) | LIMITS |
|--------|------------------------------|---------------|----------------------------------|-----------------------------------|---------------------------------------|
| A X | GENERAL LIABILITY | To Be Issued | 03/01/92 | 03/01/93 | GENERAL AGGREGATE \$ 1000000 |
| | COMMERCIAL GENERAL LIABILITY | | | | PRODUCTS-COMP/OP AGG. \$ 1000000 |
| | CLAIMS MADE X OCCUR. | | | | PERSONAL & ADV. INJURY \$ 500000 |
| | OWNER'S & CONTRACTOR'S PROT. | | | | EACH OCCURRENCE \$ 500000 |
| | | | | | FIRE DAMAGE (Any one fire) \$ 50000 |
| | | | | | MED. EXPENSE (Any one person) \$ 5000 |
| A X | MOBILE LIABILITY | To be issued | 03/01/92 | 03/01/93 | COMBINED SINGLE LIMIT \$ 1,000,000 |
| | ANY AUTO | | | | BODILY INJURY (Per person) \$ |
| | ALL OWNED AUTOS | | | | |
| | SCHEDULED AUTOS | | | | |
| | X HIRED AUTOS | | | | BODILY INJURY (Per accident) \$ |
| | X NON-OWNED AUTOS | | | | |
| | GARAGE LIABILITY | | | PROPERTY DAMAGE \$ | |
| | EXCESS LIABILITY | | | | EACH OCCURRENCE \$ |
| | UMBRELLA FORM | | | | AGGREGATE \$ |
| | OTHER THAN UMBRELLA FORM | | | | |
| | WORKER'S COMPENSATION | | | | STATUTORY LIMITS |
| | AND | | | | EACH ACCIDENT \$ |
| | EMPLOYERS' LIABILITY | | | | DISEASE—POLICY LIMIT \$ |
| | | | | | DISEASE—EACH EMPLOYEE \$ |
| | OTHER | | | | |

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS
Scheduled of properties
owned by Operation Impact is attached.

CERTIFICATE HOLDER

Missouri Housing Development
Commission
Connie Smith
3770 Broadway
Kansas City MO 64111

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 10 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

Kathy L. Riley

OPERATION IMPACT

Coverage: Special Form, Actual Cash Value, 90% Coinsurance
\$250 Deductible

- 1) 2649 Nebraska, St. Louis, MO
\$65,000 Building
- 2) 4151 Russell, St. Louis, MO
\$100,000 Building
- 3) 2920 Sidney, St. Louis, MO
\$42,000 Building
- 4) 2635 Armand, St. Louis, MO
\$76,500 Building

**LAND REUTILIZATION AUTHORITY
OPERATION IMPACT**

**Insurance Proposal
March 1, 1992 - March 1, 1993**

Kathleen L. Riley,
Vice President

POWERSGROUP, INC.

7751 Carondelet, Suite 800
St. Louis, MO 63105
725-1414

1221 Locust St., Suite 650
St. Louis, MO 63103
621-5557

LAND REUTILIZATION AUTHORITY

OPERATION IMPACT

Insurance Proposal

This is intended as a coverage overview only -- specific limits and coverages are detailed in the insurance contract.

PACKAGE POLICY

The Travelers

Effective: 3/1/92 - 3/1/93

PROPERTY:

Location #1) 3807 Washington Blvd., St. Louis, MO 63108

\$275,000 Building, Special Form, Replacement Cost, 90%
Coinsurance, \$250 deductible

Location #2) 2819 N. Spring, St. Louis, MO 63108

\$52,500 Building, Special Form, Replacement Cost, 90%
Coinsurance, \$250 deductible

\$10,000 Contents, Special Form, Replacement Cost, 90%
Coinsurance, \$250 deductible

PROPERTY PREMIUM for locations 1 & 2 LRA: \$3,004

PROPERTY FOR OPERATION IMPACT:

Location #3) 2649 Nebraska, St. Louis, MO

\$65,000 Building, Special Form, Actual Cash Value, 90%
Coinsurance, \$250 deductible

Location #4) 4151 Russell, St. Louis, MO

\$100,000 Building, Special Form, Actual Cash Value, 90%
Coinsurance, \$250 deductible

Location #5) 2920 Sidney, St. Louis, MO

\$42,000 Building, Special Form, Actual Cash Value, 90%
Coinsurance, \$250 deductible

Location #6) 2635 Armand, St. Louis, MO

\$76,500 Building, Special Form, Actual Cash Value, 90%
Coinsurance, \$250 deductible

PROPERTY Premium for OPERATION IMPACT: \$2,523

NOTE: Earthquake is provided for all locations.
Deductible: \$10,000

CONTRACTOR'S EQUIPMENT: \$250/occurrence
deductible

Scheduled Equipment: \$40,727
(schedule attached)

Unscheduled Equipment: \$10,000
(not to exceed \$500 any one item)

Rate: \$2.15/\$100 Value

Annual INLAND MARINE Premium: \$1,091

GENERAL LIABILITY

| | |
|---|-------------|
| General Aggregate | \$1,000,000 |
| Products & Completed Operations Aggregate | \$1,000,000 |
| Personal & Advertising Injury | \$ 500,000 |
| Each Occurrence | \$ 500,000 |
| Fire Damage (any one fire) | \$ 50,000 |
| Medical Expense (any one person) | \$ 5,000 |

Deductible: \$500 property damage - per person

Based on the following:

Definition of Premium Base: Per Parcel of Land *

Exception to Definition of Premium Base: Lessor's Risk Coverage
for Completed/Occupied
Operation Impact
Buildings on a PER
UNIT basis

* A PARCEL of land is defined as a vacant tract or plot of land
or a vacant building on a tract or plot of land.

| COVERAGE | PREMIUM BASE | ESTIMATED EXPOSURE | RATE | PREMIUM |
|---|-------------------|--------------------------|--------|-----------|
| All GL hazards, excluding Pollution & Asbestos, Real Estate Errors or Omissions | PARCELS | 7,416 | 15.45* | \$114,577 |
| | LRA: | 7,304 | | |
| | Operation Impact: | 112 | | |
| Commercial buildings on Washington Ave. | PER BLDG. | 3 | 2,100 | \$6,300 |
| Operation Impact Occupied Buildings Lessor's Risk Only | PER UNIT | 3 2-family 1 4-family | \$75 | \$750 |
| Contractor, Executive Supervisor (Operation Impact) | | \$37,000 Payroll | | \$3,339 |

Estimated Annual LIABILITY premium: \$124,996
(subject to audit)

*NOTE: Expiring rate was 14.436.
Annual premium without the three large buildings on
Washington Avenue would be \$118,696

AUTOMOBILE:

\$1,000,000 Liability
\$ 50,000 Uninsured Motorist
\$ 1,000 Medical Payments
\$100 deductible Comprehensive
\$250 deductible Collision
\$1,000,000 Hired & Non-Owned Automobile

Towing is included for private passenger vehicles

Vehicles Covered:

- 1) 1983 Chevrolet Citation (4278)
- 2) 1972 International Dump Truck Tandem Axel (8789)
- 3) 1974 International Dump Truck 1 Axel (5570)
- 4) 1978 Chevy 1 Ton Van (9289)
- 5) 1984 GMC Sierra P/U with Utility Bed Model 350 (7279)
- 6) 1988 Pontiac 6000 (9445)
- 7) 1984 Ford Pick Up (8035)
- 8) 1985 Ford Van (8282)

Estimated Annual AUTO Premium: \$14,456
(Expiring premium based on 6 vehicles was \$12,096)

TOTAL ESTIMATED ANNUAL PACKAGE PREMIUM: \$146,040

PREMIUM BREAKDOWN

LRA

| | |
|--------------|----------|
| Property | \$ 3,004 |
| Equipment | 1,091 |
| Liability - | |
| Parcels | 112,847 |
| Washing Ave. | 6,300 |
| Auto | 14,456 |

Total: \$137,698

OPERATION IMPACT

| | |
|------------------|----------|
| Property | \$ 2,523 |
| Liability | |
| Parcels | 1,730 |
| 4 Rehabs | 750 |
| Exec. Supervisor | 3,339 |

Total: \$ 8,342

PAYMENT PLAN:

25% Downpayment
Balance -- 3 Quarterly Installments

PAYMENT SCHEDULE:

Payment MUST be received by PowersGroup on the following dates:

| | | |
|----------|------------------|------------------------------|
| 3-20-92 | LRA: \$34,424.50 | Operation Impact: \$2,085.50 |
| 6-20-92 | LRA: \$34,424.50 | Operation Impact: \$2,085.50 |
| 9-20-92 | LRA: \$34,424.50 | Operation Impact: \$2,085.50 |
| 12-20-92 | LRA: \$34,424.50 | Operation Impact: \$2,085.50 |

| | | |
|--------|-----------|---------|
| TOTAL: | \$137,698 | \$8,342 |
|--------|-----------|---------|

RENEWAL QUOTE CONTINGENT UPON THE FOLLOWING:

1. LRA continues to monitor and board up vacant properties. The worst buildings will be demolished. The Travelers is very concerned about the recent unfavorable press LRA received during the past year and therefore must be assured that LRA is on top of this situation.
2. LRA will forward a current listing of all buildings and vacant lots owned by LRA and Operation Impact.
3. LCRA and PIE will be excluded for any general liability coverage.
4. Insured must continue to obtain certificates of insurance from all contractors and subcontractors for the same or greater limits as those on our policy.
5. Travelers must be notified by PowersGroup PRIOR to the addition of any commercial buildings before coverage is added. These buildings will be dealt with on a one by one basis as it is not the intention of this policy to pick up commercial exposures.

COOPERATION AGREEMENT

This Cooperation Agreement is entered into this 31st day of July, 1989 by and between the Economic Development Corporation of the City of St. Louis ("EDC") and the Public Facilities Protection Corporation ("PFPC") of the City of St. Louis.

WITNESSETH:

WHEREAS, the City of St. Louis has established PFPC as an independent corporation formed for the purpose of establishing a common fund (hereinafter the "Indemnification Fund") to provide general liability protection to the City, its agencies and other public entities operating within the City of St. Louis; and

WHEREAS, EDC does operate in the City of St. Louis and in cooperation with the City of St. Louis does undertake and participate in urban redevelopment and related programs; and

WHEREAS, EDC provides certain services to, secures certain services for, and otherwise oversees the activities of, six agencies operating within the City of St. Louis, consisting of the Land Clearance for Redevelopment Authority of the City of St. Louis ("LCRA"), the Planned Industrial Expansion Authority of the City of St. Louis ("PIEA"), the Land Reutilization Authority of the City of St. Louis ("LRA"), the Industrial Development Authority of the City of St. Louis ("IDA"), The St. Louis Local Development Co. ("LDC") and the Port Authority of the City of St. Louis, Missouri ("Port"), and together with the previously named agencies, the ("Agencies"); and

WHEREAS, PFPC has offered EDC the opportunity to participate in its Indemnification Fund for general liability

protection both with respect to its operations, including its ownership of, or leasehold interests in real property, and with respect to the Agencies to the extent set forth in Exhibit "A" attached hereto; and

WHEREAS, EDC owes PFPC \$43,500 for past services rendered.

NOW, THEREFORE, in consideration of the mutual benefits flowing each to the other the parties do agree to the following:

1. EDC shall participate in PFPC's Indemnification Fund until December 31, 1990 at a cost to EDC of \$50,000.

2. PFPC shall indemnify EDC, the Agencies to the extent set forth in Exhibit "A", and its and/or their additional insureds as identified in Exhibit "B" attached hereto and incorporated herein by reference (the "Additional Insureds") from all claims for bodily injury and property damage; provided, however, that PFPC's obligation to indemnify the Additional Insureds shall be identical to that of EDC and/or the Agencies to indemnify such Additional Insureds. Such general liability protection shall include but not be limited to indemnification of officers and directors of EDC and the Agencies acting within the scope of their employment or duties, and indemnification of EDC and its staff from claims arising from the negligent operation of any motor vehicle by an officer, director or staff member of EDC when such officer, director or staff member is operating such a vehicle within the scope of their employment, and expenses incurred by EDC for first aid to others at the time of an accident, for bodily injury to which this policy applies.

3. EDC shall refer all claims made for payment from the Indemnification Fund to the City Counselor's Office, City of St. Louis, to the attention of: Thomas J. Ray, President, Public Facilities Protection Corporation.

4. PFPC agrees to defend EDC, the Agencies, and, to the extent required by law, the Additional Insureds, from all liability claims against them and to make payment of such sums as are in its judgment reasonable. On the last day of each month beginning July 31, 1989, and continuing every month for the term of this Agreement, PFPC shall provide EDC with a list of the status of all claims made subject to coverage under this Agreement whether such claims are paid, pending, refused or settled. After the expiration of this Agreement PFPC shall provide such reports on a bimonthly basis until all claims have been settled.

5. PFPC agrees to provide coverage as set forth herein for all claims subject to coverage under this Agreement made for occurrences during any term year of this Agreement, regardless of the date the claim is made, unless such claim is made after the Statute of Limitations has passed in relation to occurrence in question.

6. This Agreement can only be amended by written agreement of the parties.

7. The rights of EDC hereunder shall be deemed to automatically accrue to any legally authorized EDC successor.

8. All notices required by this Agreement shall be sent or given to:

For the Authority:

Executive Director
Economic Development Corporation
of the City of St. Louis
1300 Convention Plaza
St. Louis, MO 63103

For the Public Facilities Protection Corporation:

Thomas J. Ray, President
Public Facilities Protection Corporation
City Hall, Room 314
1200 Market Street
St. Louis, MO 63103

ECONOMIC DEVELOPMENT CORPORATION
OF THE CITY OF ST. LOUIS

(SEAL)

ATTEST:

Kathleen Brady
Secretary

BY: J. Christopher Grace
J. Christopher Grace
Executive Director

Approved as to Legal Form
and Legal Adequacy for EDC:

David L. [Signature]
Counsel, Economic Development
Corporation

PUBLIC FACILITIES PROTECTION
CORPORATION

(SEAL)

ATTEST:

Janice Putney

BY: Thomas J. Ray
Thomas J. Ray, President

EXHIBIT "A"

PFPC shall indemnify the Agencies,
in limits permitted by law, as follows:

LCRA - for land (see attachment B), improvements, directors and officers, garages.

PIE - for land (see attachment C) improvements, directors and officers.

LRA - for directors and officers.

IDA - for directors and officers.

LDC - for directors and officers.

Port - for directors and officers.

EXHIBIT "B"

ADDITIONAL INSURED:

1. Boatmen's National Bank - ATIMA
2. Edison Brothers' Shoe - ATIMA
3. Mayco Redevelopment Corporation - ATIMA
4. St. Louis Parking Company - ATIMA
5. Mercantile Bank - ATIMA
6. Civic Center Corporation - ATIMA
7. St. Louis Centre Limited - ATIMA
8. AFI Investment Corporation - ATIMA
9. Heitman Properties of Missouri, Ltd., a Missouri corporation as Trustee of One City Centre Trust, a Missouri common law trust, all agents thereof and beneficiaries thereunder: Teachers Insurance and Annuity Association of America - ATIMA
10. Dillard Department Stores, Inc. - ATIMA
11. Associated Dry Goods Corporation
12. Farm Credit Bank

ST. LOUIS DEVELOPMENT CORPORATION
GENERAL PURPOSE FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 1990
AND
INDEPENDENT AUDITORS' REPORT

St. Louis Development Corporation

TABLE OF CONTENTS

| | <u>Page</u> |
|--|-------------|
| GENERAL PURPOSE FINANCIAL STATEMENTS | |
| Independent Auditors' Report | 1 |
| Combined Balance Sheet - | |
| All Fund Types and Account Group | 2 - 3 |
| Combined Statement of Revenues, Expenses, and | |
| Changes in Fund Equity - | |
| Proprietary Fund Type - Enterprise | 4 |
| Combined Statement of Cash Flows - | |
| Proprietary Fund Type - Enterprise | 5 |
| Combined Statement of Revenues, Expenditures, and | |
| Changes in Fund Balance - | |
| Fiduciary Fund Type - Expendable Trust | 6 |
| Notes to General Purpose Financial Statements | 7 - 21 |
| ADDITIONAL INFORMATION | |
| Independent Auditors' Report on Additional Information | 22 |
| Proprietary Fund Type - Enterprise: | |
| Combining Balance Sheet | 23 |
| Combining Statement of Revenues, Expenses, and | |
| Changes in Fund Equity | 24 |
| Combining Statement of Cash Flows | 25 |
| Fiduciary Fund Type - Expendable Trust: | |
| Combining Balance Sheet | 26 |
| Combining Statement of Revenues, Expenditures, and | |
| Changes in Fund Balance | 27 |
| Land Clearance for Redevelopment Authority: | |
| Combining Balance Sheet | 28 |
| Combining Statement of Revenues, Expenditures, | |
| and Changes in Fund Balance | 29 |

Independent Auditors' Report

Board of Directors
St. Louis Development Corporation
St. Louis, Missouri

We have audited the accompanying general purpose financial statements of ST. LOUIS DEVELOPMENT CORPORATION as of December 31, 1990, and for the year then ended. These general purpose financial statements are the responsibility of ST. LOUIS DEVELOPMENT CORPORATION'S management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States and the provisions of the Office of Management and Budget Circular A-128, Audits of State and Local Governments. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of ST. LOUIS DEVELOPMENT CORPORATION as of December 31, 1990, and the results of its operations, and compliance of its proprietary fund type for the year then ended, in conformity with generally accepted accounting principles.

Anders, Minkler & Diehl

October 25, 1991

(1)

S T A T E M E N T S

St. Louis Development Corporation
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP
December 31, 1990

| | Proprietary Fund Type - <u>Enterprise</u> | Fiduciary Fund Type - Expendable <u>Trust</u> | Account Group - General <u>Fixed Assets</u> | Total (Memorandum Only) |
|--|---|--|--|-------------------------------|
| ASSETS | | | | |
| Cash and investments: (Notes B and C) | | | | |
| Unrestricted | \$ 1,042,022 | \$ 9,509,319 | \$ - | \$10,551,341 |
| Restricted | 489,191 | - | - | 489,191 |
| Receivables, net of allowances: (Notes D and L) | | | | |
| Notes and loans | - | 7,341,962 | - | 7,341,962 |
| Accrued interest | - | 81,065 | - | 81,065 |
| Other | 35,098 | 270,115 | - | 305,213 |
| Due from other funds | - | 30,033 | - | 30,033 |
| Due from other governmental agencies | - | 678,012 | - | 678,012 |
| Property, plant and equipment, net of accumulated depreciation (Note E) | 13,144,364 | - | 2,288,489 | 15,432,853 |
| Land held for development (Note F) | - | 7,803,968 | - | 7,803,968 |
| Other investments (Note G) | - | 3,000,000 | - | 3,000,000 |
| Other assets (Note H) | <u>203,367</u> | <u>2,351,773</u> | <u>-</u> | <u>2,555,140</u> |
| Total Assets | <u>\$14,914,042</u> | <u>\$31,066,247</u> | <u>\$2,288,489</u> | <u>\$48,268,778</u> |

See accompanying notes to general purpose financial statements
(2)

St. Louis Development Corporation
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP
December 31, 1990
(Continued)

| | Proprietary Fund Type - <u>Enterprise</u> | Fiduciary Fund Type - Expendable <u>Trust</u> | Account Group - General <u>Fixed Assets</u> | Total (Memorandum Only) |
|--|---|--|--|-------------------------------|
| LIABILITIES AND FUND EQUITY | | | | |
| Liabilities: | | | | |
| Accounts payable and accrued expenses | \$ 58,797 | \$ 783,212 | \$ - | \$ 842,009 |
| Due to other funds | 30,033 | - | - | 30,033 |
| Accrued interest payable | 154,883 | 149,628 | - | 304,511 |
| Due to other governmental agencies | - | 3,284,808 | - | 3,284,808 |
| Deferred revenue | 17,850 | 164,655 | - | 182,505 |
| Notes payable (Note L) | - | 3,736,656 | - | 3,736,656 |
| Revenue bonds payable (Note J) | 8,600,000 | - | - | 8,600,000 |
| Other liabilities | 27,394 | 151,762 | - | 179,156 |
| Total Liabilities | 8,888,957 | 8,270,721 | - | 17,159,678 |
| Fund Equity: | | | | |
| Investment in general fixed assets | - | - | 2,288,489 | 2,288,489 |
| Contributed capital - other governmental agencies | 6,000,000 | - | - | 6,000,000 |
| Retained earnings: | | | | |
| Reserved for revenue bond requirements | 489,191 | - | - | 489,191 |
| Unreserved | (464,106) | - | - | (464,106) |
| Fund balances - unreserved: | | | | |
| Designated for: | | | | |
| Uninsured claims (Note M) | - | 130,885 | - | 130,885 |
| Undesignated | - | 22,664,641 | - | 22,664,641 |
| Total Fund Equity | 6,025,085 | 22,795,526 | 2,288,489 | 31,109,100 |
| Total Liabilities and Fund Equity | \$14,914,042 | \$31,066,247 | \$2,288,489 | \$48,268,778 |

See accompanying notes to general purpose financial statements
(3)

St. Louis Development Corporation
 COMBINED STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN FUND EQUITY - PROPRIETARY FUND TYPE - ENTERPRISE
 For The Year Ended December 31, 1990

| | |
|---|--------------------|
| OPERATING REVENUES | |
| Parking fees | <u>\$2,087,146</u> |
| OPERATING EXPENSES | |
| Personal services | 448,466 |
| Materials and supplies | 13,738 |
| Contractual services | 22,188 |
| Rental expense | 162,973 |
| Maintenance and security | 103,861 |
| Utilities | 113,597 |
| Other | 178,770 |
| Depreciation | <u>336,684</u> |
| Total Operating Expenses | <u>1,380,277</u> |
| INCOME FROM OPERATIONS | <u>706,869</u> |
| NONOPERATING REVENUES (EXPENSES) | |
| Interest income | 94,640 |
| Interest expense | (<u>610,267</u>) |
| Total Nonoperating Revenues (Expenses) | (<u>515,627</u>) |
| INCOME BEFORE OPERATING TRANSFERS | 191,242 |
| OPERATING TRANSFERS OUT | (<u>33,000</u>) |
| NET INCOME | <u>\$ 158,242</u> |
| FUND EQUITY: | |
| Contributed capital - beginning and end of year | <u>\$6,000,000</u> |
| Retained earnings (deficit): | |
| Beginning of year | (133,157) |
| Net income | <u>158,242</u> |
| End of year | <u>25,085</u> |
| Total Fund Equity | <u>\$6,025,085</u> |

See accompanying notes to general purpose financial statements

St. Louis Development Corporation
COMBINED STATEMENT OF CASH FLOWS -
PROPRIETARY FUND TYPE - ENTERPRISE
For The Year Ended December 31, 1990

| | |
|--|---------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Income from operations | \$ 706,869 |
| Adjustments to reconcile income from operations to net cash provided by operating activities: | |
| Depreciation | 336,684 |
| Decrease in assets: | |
| Receivables, net of allowances | 13,733 |
| Prepaid assets | 2,567 |
| Increase (decrease) in liabilities: | |
| Accounts payable and accrued expenses | (28,672) |
| Due to other funds | 4,207 |
| Due to other governmental agencies | (17,290) |
| Deferred revenue | 13,010 |
| Other liabilities | <u>12,121</u> |
| Net Cash Provided by Operating Activities | <u>1,043,229</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | |
| Operating transfers out | <u>(34,000)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Acquisition of capital assets | (243,166) |
| Interest paid on revenue bonds | <u>(543,534)</u> |
| Net Cash Used in Capital and Related Financing Activities | <u>(786,700)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Interest income | <u>94,640</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 318,169 |
| CASH AND CASH EQUIVALENTS, Beginning of year | <u>1,213,044</u> |
| CASH AND CASH EQUIVALENTS, End of year | <u>\$1,531,213</u> |

See accompanying notes to general purpose financial statements

St. Louis Development Corporation
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE - FIDUCIARY FUND TYPE -
 EXPENDABLE TRUST
 For The Year Ended December 31, 1990

REVENUES

| | |
|-----------------------|------------------|
| Intergovernmental aid | \$ 5,842,972 |
| Rental | 1,194,160 |
| Parking fees | 242,964 |
| Interest income | 708,805 |
| Other | <u>790,451</u> |
| Total Revenues | <u>8,779,352</u> |

EXPENDITURES

| | |
|------------------------------------|-------------------|
| Development costs: | |
| Site improvements and construction | 4,370,126 |
| Property acquisition | 504,221 |
| Consulting and other | 797,433 |
| Grants | 1,517,741 |
| Personal services | 3,156,200 |
| Materials and supplies | 164,084 |
| Utilities | 152,007 |
| Administrative and other | 1,935,546 |
| Bad debts | 413,149 |
| Capital outlay | <u>37,879</u> |
| Total Expenditures | <u>13,047,986</u> |

EXCESS OF EXPENDITURES OVER REVENUES (4,268,634)

OTHER FINANCING SOURCES

Operating transfers in 33,000

EXCESS OF EXPENDITURES OVER REVENUES AND
 OTHER FINANCING SOURCES

(4,235,634)

FUND BALANCE:

| | |
|--|---------------------|
| Beginning of year | 19,280,446 |
| Other changes in fund balance (Note F) | <u>7,750,714</u> |
| End of year | <u>\$22,795,526</u> |

See accompanying notes to general purpose financial statements

St. Louis Development Corporation
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
December 31, 1990

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The St. Louis Development Corporation (SLDC) was organized in 1988 to improve the efficiency and effectiveness of the economic development activity of the City of St. Louis, Missouri (City). SLDC was formerly known as the Economic Development Corporation of the City of St. Louis. SLDC combined the administrative staffs of six independent development agencies for the purpose of coordinating staff and research work for all six agencies. The agencies are the Land Clearance for Redevelopment Authority (LCRA), the Local Development Company (LDC), the Planned Industrial Expansion Authority (PIE), the St. Louis Industrial Development Authority (IDA), the Land Reutilization Authority (LRA), and the St. Louis Port Authority (Port Authority). The SLDC board consists of the board chairpersons from the six development agencies plus one individual appointed by the Board of Aldermen of the City and one individual appointed by the Mayor of the City. The City exercises significant oversight responsibilities for SLDC operations as discussed below. Accordingly, the SLDC is considered a component unit of the City for financial reporting purposes.

The accounting policies and financial reporting practices of SLDC conform to generally accepted accounting principles applicable to governmental entities. The following is a summary of the more significant policies.

Reporting Entity

The SLDC's combined financial statements include all material governmental activities, organizations, and functions for which, in the opinion of management, SLDC exercises significant oversight responsibility. This determination was based on the evaluation by management of the substance of the relationship to each potential component unit in light of the following criteria: financial interdependency, the control exercised by SLDC in selection of the governing authority and designation of management, SLDC's ability to significantly influence operations, and SLDC's accountability for fiscal matters. Accordingly, the following entities, in addition to a general imprest administration fund, are included in the accompanying general purpose financial statements;

Economic Development Administration Fund (EDC)

The EDC functions as an imprest administration fund which pays all SLDC general expenses and allocates them to the various agencies of SLDC. The allocation is based on amounts approved by the agencies.

St. Louis Development Corporation
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
December 31, 1990
(Continued)

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

• Land Clearance for Redevelopment Authority (LCRA)

The LCRA was established in 1952 pursuant to Chapter 99 of the Missouri Revised Statutes. LCRA has power in areas designated by the Board of Aldermen of the City, to assemble, buy, develop, or sell property. LCRA can issue bonds and, if approved by the Board of Aldermen, under the power of eminent domain, acquire property if necessary after negotiation. Relocation, public improvement, and planning assistance are also available. Developments for which LCRA has been responsible include Busch Stadium, Union Station, St. Louis Centre, and the Gateway Mall. Projects developed with assistance of LCRA under Chapter 99 may be entitled to up to 25 years of real estate tax abatement. In addition, LCRA owns and operates several parking facilities.

• Local Development Company (LDC)

The LDC is a private not-for-profit corporation established in 1976 to conform to the guidelines of the Small Business Administration Local Development Company Lending Programs. In general, LDC provides lending services to the small business community within the city. Using small business lending programs, available at the federal, state, and local level, LDC works with small business to structure and package loans more attractively than conventional financing. LDC assisted loans generally are longer term, have lower equity requirements, and in some cases provide below market rates of interest.

• Planned Industrial Expansion Authority (PIE)

The PIE was established in 1967 pursuant to Chapter 100 of the Missouri Revised Statutes. PIE has power to assemble, buy, develop, or sell property for commercial or industrial development. PIE can issue bonds for industrial development and can use the power of eminent domain to acquire property if necessary for a development. Before PIE can legally develop an area, it must first declare an area blighted and prepare a development plan both of which must be approved by the City's governing body, the Board of Aldermen.

• Industrial Development Authority (IDA)

The IDA was established in 1979 pursuant to Chapter 349 of the Missouri Revised Statutes. IDA issues tax-exempt industrial development revenue bonds for long-term financing of industrial development projects.

St. Louis Development Corporation
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
December 31, 1990
(Continued)

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

• Land Reutilization Authority (LRA)

The LRA was established in 1971 pursuant to Chapter 92 of the Missouri Revised Statutes. LRA takes title to donated property and tax delinquent property not purchased at the City Sheriff's sale. The LRA is responsible for the marketing and maintenance of its inventory and is supported by the sale of property. The City and other taxing authorities within the city boundaries are entitled to pro rata shares of any surpluses generated by LRA activities.

• St. Louis Port Authority (Port Authority)

The Port Authority was established in 1975 pursuant to Chapter 68 of the Missouri Revised Statutes. The Port Authority has broad powers to conduct port operations in an area designated as the St. Louis Port District. The Port Authority is responsible for mooring leases of City owned property, including the docks and facilities of the St. Louis Terminal. The Port Authority is also responsible for monitoring and coordinating development within the St. Louis Port District and for coordinating river related activities.

Basis of Presentation - Fund Accounting

The accounts of SLDC are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures/expenses. Resources are accounted for in individual funds based upon the purposes for which they are to be spent and the restrictions, if any, on the spending activities. The following fund types and account group are used by SLDC:

• Proprietary Fund Type

Proprietary funds are used to account for activities that are similar to those found in the private sector. The measurement focus of proprietary fund types is based on the determination of net income and capital maintenance. The following is a description of SLDC's proprietary fund type:

St. Louis Development Corporation
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
December 31, 1990
(Continued)

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - Fund Accounting (Continued)

• Proprietary Fund Type (Continued)

- Enterprise - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. An enterprise fund has been established for SLDC's Parking Facilities.

• Fiduciary Fund Type

- Trust - Trust funds are used to account for assets held by SLDC in a trustee capacity or as an agent for individuals, private organizations, other governmental units, or other funds. Expendable trust funds account for the acquisition, use, and balances of SLDC's expendable financial resources and the related liabilities (except those accounted for in proprietary funds). The measurement focus is based upon determination of changes in financial position rather than upon net income.

• Account Group

Account groups are used to establish accounting control and accountability for certain groups of assets and liabilities of SLDC. The general fixed assets account group has been established to account for all fixed assets of SLDC other than those accounted for in the proprietary funds.

Basis of Accounting

The modified accrual basis of accounting is utilized in the Fiduciary Fund Type (Expendable Trust Fund). Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., when they become measurable and available. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The accrual basis of accounting is utilized in the Proprietary Fund Type (Enterprise Fund). Under the accrual basis of accounting, revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred.

St. Louis Development Corporation
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
December 31, 1990
(Continued)

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Plant and Equipment

General Fixed Assets

General fixed assets are those assets which have been acquired for general government purposes. Upon acquisition, such assets are recorded as expenditures in the expendable trust fund and capitalized at historical cost in the general fixed asset account group. Assets donated are capitalized at fair market value at the time received. No depreciation has been provided on general fixed assets.

SLDC Parking Facilities

Property, plant and equipment are recorded at historical cost. Depreciation, including depreciation recognized on assets acquired through government grants and other aid, is computed using the straight-line method over the estimated useful lives of the various classes of assets. The estimated useful lives of property, plant and equipment are as follows:

| | |
|-----------------------------------|--------------|
| Buildings and structures | 40 years |
| Equipment | 3 - 10 years |
| Improvements other than buildings | 3 - 15 years |

Compensated Absences

SLDC grants vacation to all full-time employees based on years of continuous service. Compensatory time is also granted to certain employees for hours worked in excess of a normal work week which are not taken within the current biweekly pay period. Vacation benefits are allowed to accumulate and carry over, with limitations, into the next calendar year and will be paid to employees upon resignation, retirement, or death. Sick leave benefits for all employees do not vest and, accordingly, they are recorded as expenditures when paid. The accrued benefit liability related to the compensated absences has been recorded as a liability of the expendable trust fund as it is expected to be paid with available expendable resources.

Investments

Investments are stated at cost, consisting primarily of certificates of deposit, money market accounts and repurchase agreements.

St. Louis Development Corporation
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
December 31, 1990
(Continued)

A. SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (Continued)

Interfund Transactions

SLDC has the following types of transactions among funds:

• Reimbursements

Reimbursement of expenditures made by one fund for another are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

• Operating Transfers

Transfers are reported when incurred as "operating transfers in" by the recipient fund and as "operating transfers out" by the disbursing fund.

Contributed Capital

Contributed capital represents funds contributed from the Fiduciary Fund Type - Expendable Trust to the Proprietary Fund Type - Enterprise in connection with the development of the St. Louis Centre redevelopment area. The funds were used to acquire and construct a public parking garage on City Block 118.

Statement of Cash Flows

For purposes of the statement of cash flows, cash and cash equivalents are defined as all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased.

Total (Memorandum Only) Column

The total column is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in this column do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles; nor are such data comparable to a consolidation as interfund eliminations have not been made in the aggregation of these data, except as described below.

Reclassifications and Eliminations

All significant inter-agency transactions included in the Fiduciary Fund Type-Expendable Trust have been eliminated. Fixed assets are maintained by the individual agencies. For financial reporting purposes, these fixed assets have been reclassified to the general fixed asset account group.

St. Louis Development Corporation
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
December 31, 1990
(Continued)

B. CASH AND INVESTMENTS

At December 31, 1990, the carrying amount of SLDC's cash deposits and investments was \$11,040,532 and the bank balance was \$11,117,911. Of the bank balance, \$953,772 was covered by federal depository insurance and the remainder was covered by collateral held by the pledging institution's trust department or agent in SLDC's name.

State statutes and SLDC investment policies authorize the deposit of funds in financial institutions and trust companies or the investment of funds in obligations of the United States Government or any agency or instrumentality thereof; bonds of the State of Missouri, the City of St. Louis, or any city within the state with a population of 400,000 inhabitants or more; or time certificates of deposit; provided however, that no such investment shall be purchased at a price in excess of par. In addition, SLDC may enter into repurchase agreements maturing and becoming payable within 90 days secured by United States Treasury obligations or obligations of United States Government agencies or instrumentalities of any maturity as provided by law. SLDC funds in the form of cash on deposit or time certificates of deposit are required to be insured or collateralized by authorized investments held in SLDC's name.

The SLDC's investments are categorized below to give an indication of the level of risk assumed at year-end. Category 1 includes investments that are insured or registered, or for which the securities are held by SLDC or its agent in SLDC's name. Category 2 includes uninsured and unregistered investments for which the securities are held by a counterparty's trust department or agent in SLDC's name. Category 3 includes uninsured and unregistered investments for which the securities are held by a counterparty, or by its trust department or agent, but not in SLDC's name.

| | Category | | | Total | Carrying Value |
|-------------------------------------|------------------|---------------------|-------------|---------------------|---------------------|
| | 1 | 2 | 3 | | |
| Investments - repurchase agreements | \$ - | \$ 1,875,453 | \$ - | \$ 1,875,453 | \$ 1,875,453 |
| Demand and money market deposits | 753,772 | 4,884,430 | - | 5,638,202 | 5,565,147 |
| Certificates of deposit | <u>200,000</u> | <u>3,404,256</u> | <u>-</u> | <u>3,604,256</u> | <u>3,599,932</u> |
| | <u>\$953,772</u> | <u>\$10,164,139</u> | <u>\$ -</u> | <u>\$11,117,911</u> | <u>\$11,040,532</u> |

At December 31, 1990, the market value of all cash and investments was equivalent to the carrying amount.

St. Louis Development Corporation
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
December 31, 1990
(Continued)

C. RESTRICTED CASH AND INVESTMENTS

Cash and investments restricted in accordance with the SLDC Parking Facilities Revenue Refunding Bonds, Series 1989, Bond Indenture at December 31, 1990 are as follows:

| | |
|-------------------------|-------------------|
| Bond Funds: | |
| General Account | \$ 125,163 |
| Bond Reserve Account | 362,600 |
| Special Charges Account | <u>1,428</u> |
| | <u>\$ 489,191</u> |

The revenue bond indenture requires that gross operating revenues be paid to the bond trustee for deposit in the parking facility fund. From this fund the revenues are to be applied as follows:

General Account

To the General Account of the Bond Fund: on the tenth day of each month, an amount equal to one-sixth of the interest and principal (if any) due on the bonds on the next succeeding interest payment date. Any amounts necessary to redeem or prepay bonds on the next succeeding interest payment date shall also be deposited in this account not less than 35 days prior to any such redemption or prepayment date.

Bond Reserve Account

To the Bond Reserve Account of the Bond Fund: on the tenth day of any month when the amount on deposit is less than the bond reserve requirement of \$500,000, an amount equal to the lesser of \$10,000 or an amount necessary to cause the amount on deposit to equal the bond reserve requirement.

Special Charges Account

To the Special Charges Account of the Bond Fund: not less than 15 days prior to any date on which any amount for fees, charges, and expenses are due to the Trustee, an amount equal to the fees, charges, and expenses which will be due.

The remaining revenues in the parking facility fund after application of revenues as described above shall be transferred to the SLDC Parking Facilities to be used to pay expenses of operation and maintenance of the parking facilities.

D. NOTES AND LOANS RECEIVABLE

Notes and loans receivable consist principally of Small Business Administration loans, one Urban Development Action Grant loan (Note L), and various other commercial loans.

St. Louis Development Corporation
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
December 31, 1990
(Continued)

D. NOTES AND LOANS RECEIVABLE (Continued)

Notes and loans receivable at December 31, 1990 also include a loan to Mayfair Associates, L.P. for \$973,080 used to rehabilitate and develop the Mayfair Hotel. This loan is secured by a third deed of trust on the Mayfair Hotel. The terms of the note set forth that interest on the principal balance outstanding increases from zero percent to ten percent per annum over the term of the loan. Interest payments commence in May 1992 and are contingent on net annual cash flows of the Mayfair Hotel. All unpaid principal and interest is due in May 1999.

E. PROPERTY, PLANT AND EQUIPMENT

Changes in General Fixed Assets

The following is a summary of changes in general fixed assets by category for the year ended December 31, 1990:

| | Balance, January 1, 1990 | Additions | Deductions | Balance, December 31, 1990 |
|---|--------------------------------|-----------------|-------------|----------------------------------|
| Land | \$ 158,500 | \$ - | \$ - | \$ 158,500 |
| Building and other structures | 1,417,895 | 5,949 | - | 1,423,844 |
| Improvements other than buildings | 16,962 | - | - | 16,962 |
| Equipment | <u>657,653</u> | <u>31,530</u> | <u>-</u> | <u>689,183</u> |
| | <u>\$2,251,010</u> | <u>\$37,479</u> | <u>\$ -</u> | <u>\$2,288,489</u> |

The following summarizes general fixed assets and the changes therein by agency for the year ended December 31, 1990:

| | Balance, January 1, 1990 | Additions | Deductions | Balance, December 31, 1990 |
|------|--------------------------------|-----------------|-------------|----------------------------------|
| LCRA | \$1,808,174 | \$37,479 | \$ - | \$1,845,653 |
| PIE | 146,464 | - | - | 146,464 |
| IDA | 14,553 | - | - | 14,553 |
| LRA | <u>281,819</u> | <u>-</u> | <u>-</u> | <u>281,819</u> |
| | <u>\$2,251,010</u> | <u>\$37,479</u> | <u>\$ -</u> | <u>\$2,288,489</u> |

St. Louis Development Corporation
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
December 31, 1990
(Continued)

E. PROPERTY, PLANT AND EQUIPMENT (Continued)

| | <u>Land</u> | <u>Buildings and Other Structures</u> | <u>Improvements Other Than Buildings</u> | <u>Equipment</u> | <u>Total</u> |
|------|------------------|---|--|------------------|--------------------|
| LCRA | \$158,500 | \$1,186,224 | \$15,074 | \$485,855 | \$1,845,653 |
| PIE | - | 146,464 | - | - | 146,464 |
| IDA | - | - | 1,888 | 12,665 | 14,553 |
| LRA | - | 91,156 | - | 190,663 | 281,819 |
| | <u>\$158,500</u> | <u>\$1,423,844</u> | <u>\$16,962</u> | <u>\$689,183</u> | <u>\$2,288,489</u> |

Enterprise Fund Fixed Assets

The following summarizes property, plant and equipment held by the enterprise fund at December 31, 1990:

| | |
|---------------------------------|---------------------|
| Land | \$ 3,705,572 |
| Building and other structures | 11,063,502 |
| Leasehold improvements | <u>493,445</u> |
| | 15,262,519 |
| Less - accumulated depreciation | <u>2,118,155</u> |
| | <u>\$13,144,364</u> |

F. LAND HELD FOR DEVELOPMENT

Land held for development consists primarily of property held for sale or other development purposes. This land was previously reported in the general fixed asset account group in prior years, but has been transferred to the Fiduciary Fund Type - Expendable Trust based on management's intent for ultimate disposition of the property.

G. OTHER INVESTMENTS

Other investments consist of an original cash investment of \$3,000,000 provided by LCRA to purchase and renovate property located at 5700 Oakland Avenue, more commonly known as the St. Louis Arena (Arena). Subsequent to its acquisition of the Arena, LCRA entered into a master lease agreement with St. Louis Community Facilities Corporation (CFC). Under terms of the agreement, CFC is responsible for all operations of the Arena including payments of principal and interest on outstanding debt and is entitled to all the benefits from operations through December 31, 2011, subject to certain terms as more specifically set forth in the master lease agreement.

H. OTHER ASSETS

Other assets consist primarily of deposits in non-interest bearing accounts at two local banks in the aggregate amount of \$2,350,000. Under agreements currently in effect, the banks will make below market rate loans to qualifying developers while the funds remain on deposit. The funds may be withdrawn upon ninety days notice from SLDC.

St. Louis Development Corporation
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
December 31, 1990
(Continued)

I. RETIREMENT PLANS

SLDC contributes to a defined contribution plan known as the St. Louis Development Corporation Employees Retirement Plan and Trust (Plan) (formerly the Economic Development Corporation Employees Retirement Plan and Trust). The Plan is a replacement for both the Land Clearance for Redevelopment Authority of the City of St. Louis Employees Retirement Plan and Trust and the Planned Industrial Expansion Authority Money Purchase Plan. SLDC pays for the full cost of the Plan. Contributions amounting to 11 percent of the employees' monthly compensation are made by SLDC. Total employer contributions for 1990 amounted to \$207,540. For the year ended December 31, 1990, SLDC had a total payroll of \$2,516,965. Employees are not required to contribute to the plan; however, they can elect to contribute up to 5 1/2 percent of their monthly compensation.

In order to be eligible under the Plan, the participant must be a full-time employee, have attained the age of 18, and completed at least 1/2 year of active service. The employees vest at a rate of 20 percent per annum with full vesting occurring after the end of their fifth year of service.

J. REVENUE BONDS PAYABLE

Revenue bonds outstanding at December 31, 1990 consist of LCRA Parking Facility Revenue Refunding Bonds, Series 1989 (Bonds) which are payable solely from, and secured by, a pledge of gross revenues from the operation of SLDC Parking Facilities' St. Louis Centre East parking garage. The Bonds are dated November 1, 1989 in the amount of \$8,600,000 and are due September 15, 2019. The Bonds may be redeemed prior to maturity at the option of LCRA and are subject to special mandatory redemption prior to maturity following the occurrence of a determination of taxability as defined in the bond indenture.

The Bonds carried an initial rate of interest of 6.15 percent through March 15, 1990, and thereafter, a variable semiannual rate to be determined in accordance with the provisions of the bond indenture by a remarketing agent on the thirtieth day next preceding the commencement date of the semiannual period to which it relates (each respective March 15 or September 15). At December 31, 1990 the interest rate was 6.10 percent. The bond indenture provides that the variable interest rate on the Bonds may be converted to a fixed rate upon the favorable opinion of nationally recognized bond counsel and compliance with other conditions. In the event of such conversion, the Bonds are subject to mandatory tender for purchase.

St. Louis Development Corporation
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
December 31, 1990
(Continued)

J. REVENUE BONDS PAYABLE (Continued)

A reimbursement agreement requires LCRA to maintain an irrevocable letter of credit of approximately \$9,000,000 to satisfy principal and interest in the event of maturity or redemption of the Bonds. The letter of credit is in effect through September 30, 1994.

K. BOND ISSUES FACILITATED BY SLDC

IDA, PIE, and LCRA (Authorities) facilitate the issuance of tax-exempt bonds for various private enterprises and government agencies. The bonds are sold to various banks and the proceeds are used to purchase real estate or fund capital improvements for the respective organization. These organizations then enter into lease agreements with the Authorities that are in substance sales of the related properties or improvements. The Authorities assign these leases to various trusts which collect the lease payments to satisfy the debt service requirements. After the Authorities assign the leases to the trusts, the properties are no longer under their control and they have no liability on the bonds. Therefore, transactions related to the leases and the bond liability are not presented in the general purpose financial statements.

L. NOTES PAYABLE

At December 31, 1990, notes payable consisted of the following:

| | |
|---|--------------------|
| Small Business Administration Loan Programs | \$2,473,078 |
| Urban Development Action Grant | 737,138 |
| Other | <u>526,440</u> |
| | <u>\$3,736,656</u> |

Small Business Administration Loan Programs (SBA)

The LDC provides the local management support for administering the Small Business Administration's (SBA) 503 and 504 Urban Revitalization loan programs and its predecessor, the 502 Guarantee loan program. Under the 502 program and certain 503 program loans, a bank contributes 50 percent of the total loan package, the SBA contributes 40 percent, LDC contributes 2 1/2 percent and the borrower is responsible for the remaining 7 1/2 percent.

St. Louis Development Corporation
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
December 31, 1990
(Continued)

L. NOTES PAYABLE (Continued)

The bank and SBA portion of the loans are made without recourse to LDC, and in the event of default, those parties would seek recovery only from the collateral pledged. The Community Development Agency of the City of St. Louis (CDA), which funds the LDC loan component through a community development block grant, would similarly seek recovery from collateral pledged or absorb the loss in event of default. The notes receivable and corresponding notes payable associated with the SBA 502 loans and certain SBA 503 loans are shown in the accompanying Combined Balance Sheet - All Fund Types and Account Group.

The SBA 502 loans and certain SBA 503 loans are collected and serviced by LDC. The SBA share of the loan payments are returned to SBA.

The remaining 503 and 504 loans' monthly payments are received by a servicing agent and are remitted semiannually to SBA. The SLDC has no direct control over these 503 and 504 loans. Under the terms of SBA's Authorization and Debenture Guaranty, LDC is contingently liable to SBA for these 503 and 504 loans in the event default by the borrower is caused by fraud, gross negligence, or by payments held by LDC. The outstanding balance for these loans as of December 31, 1990 approximated \$10,000,000.

Urban Development Action Grant (UDAG)

SLDC is a subrecipient of UDAG funds provided by CDA. Loans from CDA for UDAG funds are made without recourse to SLDC. In the event of default, CDA would seek recovery from collateral pledged or absorb the losses. The outstanding balance at December 31, 1990 of \$737,138 relates to one UDAG loan agreement and is reflected as both a receivable and payable in the accompanying combined balance sheet. Any repayments received on these loans are refundable to the CDA.

Other

Other notes payable represent amounts refundable to various granting agencies.

M. DESIGNATED FUND BALANCE

Designated fund balance represents the portion of fund balance that SLDC has reserved for use in a future period for potential uninsured claims. Designated fund balance at December 31, 1990 consists of \$130,885 in the Fiduciary Fund Type.

St. Louis Development Corporation
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
December 31, 1990
(Continued)

N. LEASE COMMITMENTS

At December 31, 1990, SLDC was committed under a five year operating lease for office space. Future minimum base rents under terms of the operating lease, as reduced by rents to be received from an existing sublease with CDA are as follows:

| | <u>Gross Rent</u> | <u>Sublease Rent</u> | <u>Net Rent</u> |
|------|--------------------|----------------------|------------------|
| 1991 | \$ 333,389 | \$160,935 | \$172,454 |
| 1992 | 343,674 | 171,837 | 171,837 |
| 1993 | 362,529 | 181,264 | 181,265 |
| 1994 | 389,097 | 194,548 | 194,549 |
| 1995 | <u>233,972</u> | <u>116,986</u> | <u>116,986</u> |
| | <u>\$1,662,661</u> | <u>\$825,570</u> | <u>\$837,091</u> |

Rent expenditures, net of sublease rents received of \$64,450, was \$70,677 in 1990.

Additionally, at December 31, 1990, the Port Authority was committed under a twenty-five year operating lease with the City which requires annual rental payments of \$1. Under the lease agreement, the Port Authority shall make improvements to the leased premises and award subleases for all or a portion of the leased premises. The subleases generally range from 1-6 years and may provide for contingent rentals based on net receipts as defined in the specific lease agreements.

O. CONTRACTS AND AGREEMENTS

Urban Development Action Grants and Community Development Block Grants

SLDC has entered into various cooperative agreements with CDA as a subrecipient/administrator of the Urban Development Action Grant program and the Community Development Block Grant program. The purpose of these grants and contracts is to provide economic and residential redevelopment in the city. Revenues from these contracts amounted to \$4,560,815 in 1990.

Direct Property Disposition Grant

SLDC has contracted with the United States Department of Housing and Urban Development (HUD) with regard to the disposition of an apartment complex. HUD has agreed to fund operating deficits incurred by SLDC in operating the Westside Community Gardens Apartments. Revenues from this contract amounted to \$364,390 in 1990.

St. Louis Development Corporation
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
December 31, 1990
(Continued)

P. CONTINGENCIES

In connection with federal grant programs, SLDC is obligated to administer the related programs and spend the grant monies in accordance with regulatory restrictions, and is subject to audit by the grantor agencies. In cases of noncompliance, the agencies involved may require SLDC to refund program monies.

In the normal course of its operations, certain lawsuits and legal actions are pending against SLDC. In the opinion of SLDC officials and legal counsel, these items are not expected to have a material effect, individually or in the aggregate, upon the financial position or the results of operations of SLDC.

Q. SUBSEQUENT EVENT

LCRA had an agreement with the City and CDA authorizing LCRA to act as the agent for the Comptroller of the City of St. Louis for the purpose of receiving, investing and holding Union Station UDAG repayment proceeds. In March 1991, the Comptroller terminated the agreement and required all Union Station UDAG repayment funds held by LCRA to be repaid to the City. These funds totaled approximately \$1,500,000 at December 31, 1990.

A D D I T I O N A L
I N F O R M A T I O N

ANDERS, MINKLER & DIEHL
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report on
Additional Information

Board of Directors
St. Louis Development Corporation
St. Louis, Missouri

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying additional information is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Anders, Minkler & Diehl

October 25, 1991

St. Louis Development Corporation
COMBINING BALANCE SHEET
PROPRIETARY FUND TYPE - ENTERPRISE
December 31, 1990

ASSETS

| | <u>Parking Facilities</u> | | |
|-----------------------------------|--|---|---------------------|
| | <u>St. Louis Centre - East</u> | <u>St. Louis Centre - North</u> | <u>Total</u> |
| Cash and Investments: | | | |
| Unrestricted | \$ 847,277 | \$194,745 | \$ 1,042,022 |
| Restricted | 489,191 | - | 489,191 |
| Receivables, net of allowances | <u>27,559</u> | <u>7,539</u> | <u>35,098</u> |
| Total Current Assets | <u>1,364,027</u> | <u>202,284</u> | <u>1,566,311</u> |
| Land | 3,705,572 | - | 3,705,572 |
| Property, plant and equipment | <u>11,063,502</u> | <u>493,445</u> | <u>11,556,947</u> |
| | 14,769,074 | 493,445 | 15,262,519 |
| Less - accumulated depreciation | <u>2,014,915</u> | <u>103,240</u> | <u>2,118,155</u> |
| Net Property, Plant and Equipment | <u>12,754,159</u> | <u>390,205</u> | <u>13,144,364</u> |
| Other assets | <u>203,367</u> | <u>-</u> | <u>203,367</u> |
| Total Assets | <u>\$14,321,553</u> | <u>\$592,489</u> | <u>\$14,914,042</u> |

LIABILITIES AND FUND EQUITY

| | | | |
|---|---------------------|------------------|---------------------|
| Accounts payable and accrued expenses | \$ 40,931 | \$ 17,866 | \$ 58,797 |
| Due to other funds | 5,985 | 24,048 | 30,033 |
| Accrued interest payable | 154,883 | - | 154,883 |
| Deferred revenue | 16,450 | 1,400 | 17,850 |
| Revenue bonds payable | 8,600,000 | - | 8,600,000 |
| Other liabilities | <u>5,765</u> | <u>21,629</u> | <u>27,394</u> |
| Total Liabilities | <u>8,824,014</u> | <u>64,943</u> | <u>8,888,957</u> |
| Fund equity: | | | |
| Contributed capital - other governmental agencies | <u>6,000,000</u> | <u>-</u> | <u>6,000,000</u> |
| Retained earnings (deficit): | | | |
| Reserved for revenue bond requirements | 489,191 | - | 489,191 |
| Unreserved | (<u>991,652</u>) | <u>527,546</u> | (<u>464,106</u>) |
| Total Retained Earnings (Deficit) | (<u>502,461</u>) | <u>527,546</u> | <u>25,085</u> |
| Total Fund Equity | <u>5,497,539</u> | <u>527,546</u> | <u>6,025,085</u> |
| Total Liabilities and Fund Equity | <u>\$14,321,553</u> | <u>\$592,489</u> | <u>\$14,914,042</u> |

See independent auditors' report on additional information
and accompanying notes to general purpose financial statements

St. Louis Development Corporation
COMBINING STATEMENT OF REVENUES,
EXPENSES, AND CHANGES IN FUND EQUITY
PROPRIETARY FUND TYPE - ENTERPRISE
For The Year Ended December 31, 1990

| | <u>Parking Facilities</u> | | |
|--|--|---|--------------------|
| | <u>St. Louis Centre - East</u> | <u>St. Louis Centre - North</u> | <u>Total</u> |
| OPERATING REVENUES | | | |
| Parking fees | <u>\$1,495,908</u> | <u>\$591,238</u> | <u>\$2,087,146</u> |
| OPERATING EXPENSES | | | |
| Personal services | 231,885 | 216,581 | 448,466 |
| Materials and supplies | 10,220 | 3,518 | 13,738 |
| Contractual services | 13,068 | 9,120 | 22,188 |
| Rental expense | - | 162,973 | 162,973 |
| Maintenance and security | 42,801 | 61,060 | 103,861 |
| Utilities | 76,294 | 37,303 | 113,597 |
| Other | 87,862 | 90,908 | 178,770 |
| Depreciation | <u>307,200</u> | <u>29,484</u> | <u>336,684</u> |
| Total Operating Expenses | <u>769,330</u> | <u>610,947</u> | <u>1,380,277</u> |
| INCOME (LOSS) FROM OPERATIONS | <u>726,578</u> | <u>(19,709)</u> | <u>706,869</u> |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Interest income | 71,139 | 23,501 | 94,640 |
| Interest expense | <u>(610,267)</u> | <u>-</u> | <u>(610,267)</u> |
| Total Nonoperating Revenues (Expenses) | <u>(539,128)</u> | <u>23,501</u> | <u>(515,627)</u> |
| INCOME BEFORE OPERATING TRANSFERS | 187,450 | 3,792 | 191,242 |
| OPERATING TRANSFERS OUT | <u>(33,000)</u> | <u>-</u> | <u>(33,000)</u> |
| NET INCOME | <u>\$ 154,450</u> | <u>\$ 3,792</u> | <u>\$ 158,242</u> |
| FUND EQUITY | | | |
| Contributed capital - beginning and end of year | <u>\$6,000,000</u> | <u>\$ -</u> | <u>\$6,000,000</u> |
| Retained earnings (deficit): | | | |
| Beginning of year | <u>(656,911)</u> | <u>523,754</u> | <u>(133,157)</u> |
| Net income | <u>154,450</u> | <u>3,792</u> | <u>158,242</u> |
| End of year | <u>(502,461)</u> | <u>527,546</u> | <u>25,085</u> |
| Total Fund Equity | <u>\$5,497,539</u> | <u>\$527,546</u> | <u>\$6,025,085</u> |

See independent auditors' report on additional information
and accompanying notes to general purpose financial statements

St. Louis Development Corporation
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE - ENTERPRISE
For The Year Ended December 31, 1990

| | <u>Parking Facilities</u> | | |
|---|--|---|--------------------|
| | <u>St. Louis Centre - East</u> | <u>St. Louis Centre - North</u> | <u>Total</u> |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Income (loss) from operations | \$ 726,578 | (\$ 19,709) | \$ 706,869 |
| Adjustments to reconcile income (loss) from operations to net cash provided by operating activities: | | | |
| Depreciation | 307,200 | 29,484 | 336,684 |
| (Increase) decrease in assets: | | | |
| Receivables, net of allowances | 14,975 | (1,242) | 13,733 |
| Other assets | 982 | 1,585 | 2,567 |
| Increase (decrease) in liabilities: | | | |
| Accounts payable and accrued expenses | (23,489) | (5,183) | (28,672) |
| Due to other funds | (6,366) | 10,573 | 4,207 |
| Due to other governmental agencies | (17,290) | - | (17,290) |
| Deferred revenue | 16,450 | (3,440) | 13,010 |
| Other liabilities | <u>350</u> | <u>11,771</u> | <u>12,121</u> |
| Net Cash Provided by Operating Activities | <u>1,019,390</u> | <u>23,839</u> | <u>1,043,229</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Operating transfers out | (<u>33,000</u>) | <u>-</u> | (<u>33,000</u>) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Acquisition of capital assets | - | (243,166) | (243,166) |
| Interest paid on revenue bonds | (<u>543,534</u>) | <u>-</u> | (<u>543,534</u>) |
| Net Cash Used in Capital and Related Financing Activities | (<u>543,534</u>) | (<u>243,166</u>) | (<u>786,700</u>) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest income | <u>71,139</u> | <u>23,501</u> | <u>94,640</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 513,995 | (195,826) | 318,169 |
| CASH AND CASH EQUIVALENTS, Beginning of year | <u>822,473</u> | <u>390,571</u> | <u>1,213,044</u> |
| CASH AND CASH EQUIVALENTS, End of year | <u>\$1,336,468</u> | <u>\$194,745</u> | <u>\$1,531,213</u> |

See independent auditors' report on additional information
and accompanying notes to general purpose financial statements

St. Louis Development Corporation
COMBINING BALANCE SHEET
FIDUCIARY FUND TYPE - EXPENDABLE TRUST
December 31, 1990

| | BDC | LCRA | LDC | PIE | IDA | LRA | Port | Reclassifications and Eliminations | Total |
|---|--------------------|---------------------|--------------------|--------------------|-----------------|-------------------|--------------------|--|---------------------|
| ASSETS | | | | | | | | | |
| Cash and investments - unrestricted | (\$ 29,116) | \$ 5,939,601 | \$1,088,342 | \$ 485,658 | \$ 4,023 | \$106,370 | \$1,914,441 | \$ - | \$ 9,509,319 |
| Receivables, net of allowances: | | | | | | | | | |
| Notes and loans | - | 1,043,485 | 4,581,526 | 1,716,951 | - | - | - | - | 7,341,962 |
| Accrued interest | - | 11,443 | - | 69,622 | - | - | - | - | 81,065 |
| Other | 27,506 | 81,576 | 3,221 | 407 | - | 157,407 | - | - | 270,115 |
| Due from other funds | 839,447 | 1,186,418 | - | 121,057 | 37,500 | 76,955 | - | (2,231,344) | 30,033 |
| Due from other governmental agencies | 301,953 | 362,011 | - | 6,625 | - | 7,423 | - | - | 678,012 |
| Land | - | 158,500 | - | - | - | - | - | (158,500) | - |
| Property, plant and equipment | - | 1,687,153 | - | 146,464 | 14,553 | 281,819 | - | (2,129,989) | - |
| Less - accumulated depreciation | - | (1,837,161) | - | (146,464) | (14,553) | (281,819) | - | (1,479,997) | - |
| | - | 808,492 | - | - | - | - | - | (808,492) | - |
| Land held for development | - | 2,251,258 | - | 5,552,710 | - | - | - | - | 7,803,968 |
| Other investments | - | 3,000,000 | - | - | - | - | - | - | 3,000,000 |
| Other assets | 1,772 | 2,350,000 | - | - | - | - | - | - | 2,351,772 |
| Total Assets | \$1,141,563 | \$17,034,282 | \$5,673,089 | \$7,953,030 | \$41,523 | \$348,155 | \$1,914,441 | (\$ 3,039,836) | \$31,066,247 |
| LIABILITIES AND FUND BALANCE | | | | | | | | | |
| Liabilities: | | | | | | | | | |
| Accounts payable and accrued expenses | \$ 346,381 | \$ 336,489 | \$ 73,529 | \$ - | \$ - | \$ 18,320 | \$ 8,493 | \$ - | \$ 783,212 |
| Due to other funds | 783,239 | 484,069 | 23,641 | 490,217 | 10,156 | 357,039 | 82,983 | (2,231,344) | - |
| Accrued interest payable | - | - | 14,410 | 135,218 | - | - | - | - | 149,628 |
| Due to other governmental agencies | - | - | 2,880,506 | 404,302 | - | - | - | - | 3,284,808 |
| Deferred revenue | - | 164,655 | - | - | - | - | - | - | 164,655 |
| Notes payable | - | - | 2,473,078 | 1,263,578 | - | - | - | - | 3,736,656 |
| Other liabilities | 11,943 | 7,139 | 23,700 | - | - | 106,960 | - | - | 151,762 |
| Total Liabilities | 1,141,563 | 992,372 | 5,490,844 | 2,893,315 | 10,156 | 482,319 | 91,476 | (2,231,344) | 8,270,721 |
| Fund Balance (Deficit) - Unreserved: | | | | | | | | | |
| Designated for: | | | | | | | | | |
| Uninsured claims | - | 130,885 | - | - | - | - | - | - | 130,885 |
| Undesignated | - | 15,911,825 | 182,225 | 5,459,715 | 31,367 | (134,164) | 1,822,965 | (808,492) | 22,664,641 |
| Total Fund Balance (Deficit) | - | 16,042,710 | 182,225 | 5,459,715 | 31,367 | (134,164) | 1,822,965 | (808,492) | 22,795,526 |
| Total Liabilities and Fund Balance | \$1,141,563 | \$17,034,282 | \$5,673,089 | \$7,953,030 | \$41,523 | \$348,155 | \$1,914,441 | (\$ 3,039,836) | \$31,066,247 |

See independent auditors' report on additional information
and accompanying notes to general purpose financial statements
(26)

St. Louis Development Corporation
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
FIDUCIARY FUND TYPE - EXPENDABLE TRUST
For The Year Ended December 31, 1990

| | SLC | LCRA | LDC | PIE | IRA | LRA | Port | Reclassifications and Eliminations | Total |
|--|------------------|---------------------|------------------|--------------------|------------------|--------------------|--------------------|--|---------------------|
| REVENUES | | | | | | | | | |
| Intergovernmental aid | \$2,868,382 | \$ 2,668,907 | \$ - | \$ 539,165 | \$ - | \$ - | \$ 687,538 | (\$ 113,020) | \$ 5,842,972 |
| Rental | - | 279,561 | - | - | - | 32,834 | 881,765 | - | 1,194,160 |
| Parking fees | - | 16,689 | - | - | - | - | 226,275 | - | 242,964 |
| Interest income | - | 635,172 | - | - | 913 | - | 72,720 | - | 708,805 |
| Other | - | 118,514 | 137,489 | 124,394 | 37,558 | 372,496 | - | - | 790,451 |
| Total Revenues | <u>2,868,382</u> | <u>3,718,843</u> | <u>137,489</u> | <u>663,559</u> | <u>38,471</u> | <u>405,330</u> | <u>1,868,298</u> | <u>(113,020)</u> | <u>8,779,352</u> |
| EXPENDITURES | | | | | | | | | |
| Development costs: | | | | | | | | | |
| Site improvements and construction | - | 2,992,886 | - | 196,161 | - | - | 1,181,079 | - | 4,370,126 |
| Property acquisition | - | 152,762 | - | 351,459 | - | - | - | - | 504,221 |
| Consulting and other | 80,082 | 520,272 | - | 74,773 | - | - | 235,326 | (113,020) | 797,433 |
| Grants | - | 1,517,741 | - | - | - | - | - | - | 1,517,741 |
| Personal services | 1,744,200 | 1,021,155 | 101,630 | 101,630 | 25,814 | 140,017 | 19,754 | - | 3,156,200 |
| Materials and supplies | 102,936 | - | - | - | - | 16,516 | 44,632 | - | 164,084 |
| Utilities | 3,094 | 147,669 | - | - | - | 1,244 | - | - | 152,007 |
| Administrative and other | 128,070 | 703,271 | 6,568 | 355,708 | 302 | 558,290 | 183,337 | - | 1,935,546 |
| Bad debts | - | 413,149 | - | - | - | - | - | - | 413,149 |
| Depreciation | - | 141,189 | - | - | - | - | - | (141,189) | - |
| Capital outlay | - | - | - | - | - | - | - | 37,479 | 37,479 |
| Total Expenditures | <u>2,868,382</u> | <u>7,410,094</u> | <u>108,198</u> | <u>1,079,731</u> | <u>26,116</u> | <u>716,067</u> | <u>1,664,128</u> | <u>(216,730)</u> | <u>13,047,986</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | - | (3,691,251) | 29,291 | (416,172) | 12,355 | (310,737) | 204,170 | 103,710 | (4,268,634) |
| Other Financing Sources: | | | | | | | | | |
| Operating transfers in | - | 33,000 | - | - | - | - | - | - | 33,000 |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES | - | (3,658,251) | 29,291 | (416,172) | 12,355 | (310,737) | 204,170 | 103,710 | (4,235,634) |
| FUND BALANCE (DEFICIT): | | | | | | | | | |
| Beginning of year | - | 17,448,903 | 152,934 | 576,431 | 19,012 | 176,573 | 1,618,795 | (912,202) | 19,280,446 |
| Other changes in fund balance | - | 7,251,758 | - | 5,499,456 | - | - | - | - | 7,750,714 |
| End of year | <u>\$ -</u> | <u>\$14,641,910</u> | <u>\$182,225</u> | <u>\$5,659,715</u> | <u>\$ 31,367</u> | <u>(\$134,164)</u> | <u>\$1,822,965</u> | <u>(\$ 808,492)</u> | <u>\$22,795,526</u> |

See independent auditors' report on additional information
and accompanying notes to general purpose financial statements
(27)

St. Louis Development Corporation
COMBINED BALANCE SHEET
FIDUCIARY FUND TYPE - EXPENDABLE TRUST - LCRA
December 31, 1990

| | Special Projects | Local Grant | Central Office | Development and Union Station | Westside Gardens | Eschew | Reclassifications and Eliminations | Total |
|---|---------------------|--------------------|--------------------|-------------------------------------|---------------------|--------------------|--|---------------------|
| ASSETS | | | | | | | | |
| Cash and investments - unrestricted | \$ - | \$ 811,687 | \$ 722,098 | \$2,465,670 | \$ 1,024 | \$1,939,122 | \$ - | \$ 5,939,601 |
| Receivables, net of allowances: | | | | | | | | |
| Notes and loans | - | - | - | - | - | 1,043,485 | - | 1,043,485 |
| Accrued interest | - | - | 11,443 | - | - | - | - | 11,443 |
| Other | 18,542 | 10,880 | 5,912 | 31,641 | - | 14,579 | - | 81,574 |
| Due from other funds | - | 578,393 | 45,490 | 8,000 | - | 748,632 | (194,097) | 1,186,418 |
| Due from other governmental agencies | 147,874 | 214,937 | - | - | - | - | - | 362,811 |
| Land | - | - | 158,500 | - | - | - | - | 158,500 |
| Property, plant and equipment | - | - | 1,687,153 | - | - | - | - | 1,687,153 |
| Less - accumulated depreciation | - | - | (1,037,161) | - | - | - | - | (1,037,161) |
| | - | - | 650,492 | - | - | - | - | 650,492 |
| Land held for development | - | 470,000 | - | - | - | 1,781,258 | - | 2,251,258 |
| Other investments | - | 3,000,000 | - | - | - | - | - | 3,000,000 |
| Other assets | - | - | - | 2,350,000 | - | - | - | 2,350,000 |
| Total Assets | \$165,434 | \$5,085,897 | \$1,593,435 | \$4,855,311 | \$ 1,024 | \$5,527,076 | (\$194,097) | \$17,034,282 |
| LIABILITIES AND FUND BALANCE | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable and accrued expenses | \$ 59,091 | \$ 26,094 | \$ 16,842 | \$ 98,288 | \$ 13,456 | \$ 122,718 | \$ - | \$ 336,489 |
| Due to other funds | 116,137 | - | - | 69,092 | 114,150 | 378,787 | (194,097) | 484,069 |
| Deferred revenue | - | - | - | - | - | 164,655 | - | 164,655 |
| Other liabilities | 3 | 3,682 | - | - | 3,467 | - | - | 7,152 |
| Total Liabilities | 175,231 | 29,776 | 16,842 | 167,380 | 131,073 | 666,160 | (194,097) | 992,372 |
| Fund Balance (Deficit) - Unreserved: | | | | | | | | |
| Designated for uninsured claims | - | 130,885 | - | - | - | - | - | 130,885 |
| Undesignated | (9,593) | 4,925,229 | 1,576,593 | 4,687,931 | (130,049) | 4,860,916 | - | 15,911,025 |
| Total Fund Balance (Deficit) | (9,593) | 5,056,114 | 1,576,593 | 4,687,931 | (130,049) | 4,860,916 | - | 16,041,910 |
| Total Liabilities and Fund Balance | \$165,434 | \$5,085,897 | \$1,593,435 | \$4,855,311 | \$ 1,024 | \$5,527,076 | (\$194,097) | \$17,034,282 |

St. Louis Development Corporation
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 FIDUCIARY FUND TYPE - EXPENDABLE TRUST - LCRA
 For The Year Ended December 31, 1990

| | Special Projects | Local Grant | Central Office | Development and Union Station | Westside Gardens | Escrow | Reclassifications and Eliminations | Total |
|---|---------------------|---------------------|---------------------|-------------------------------------|---------------------|---------------------|--|----------------------|
| REVENUES | | | | | | | | |
| Intergovernmental aid | 82,240,985 | \$ - | \$ - | \$ - | 8364,390 | \$ 63,532 | \$ - | \$ 2,668,907 |
| Rental | - | 69,543 | 144,351 | - | 44,769 | 20,898 | - | 279,561 |
| Parking fees | - | - | 16,689 | - | - | - | - | 16,689 |
| Interest income | - | 103,315 | 76,231 | 213,725 | - | 241,901 | - | 635,172 |
| Other | 44,214 | - | 31,778 | 13,927 | 3,685 | 24,910 | - | 118,514 |
| Total Revenues | <u>82,285,199</u> | <u>172,858</u> | <u>262,049</u> | <u>227,652</u> | <u>412,844</u> | <u>351,241</u> | <u>-</u> | <u>3,718,843</u> |
| EXPENDITURES | | | | | | | | |
| Development costs: | | | | | | | | |
| Site improvements and construction | 1,004,648 | - | - | - | - | 1,088,218 | - | 2,992,886 |
| Property acquisition | - | - | - | 33,328 | - | 119,434 | - | 152,762 |
| Consulting and other | 19,229 | 176,817 | - | 169,269 | - | 154,957 | - | 520,272 |
| Grants | 263,000 | - | - | 1,254,741 | - | - | - | 1,517,741 |
| Personal services | 44,337 | 233,442 | 70,360 | - | 96,422 | 556,594 | - | 1,021,155 |
| Utilities | - | - | 98,067 | - | 49,602 | - | - | 147,669 |
| Administrative and other | 30,752 | - | 348,561 | 98,189 | 224,456 | 1,313 | - | 703,271 |
| Bad debts | 9,251 | - | - | 325,893 | 75,139 | 2,866 | - | 413,149 |
| Depreciation | - | - | 141,189 | - | - | - | - | 141,189 |
| Total Expenditures | <u>2,291,237</u> | <u>410,259</u> | <u>658,177</u> | <u>1,681,420</u> | <u>445,619</u> | <u>1,923,382</u> | <u>-</u> | <u>7,610,094</u> |
| EXCESS OF EXPENDITURES OVER REVENUES | (6,038) | (237,401) | (396,128) | (1,653,768) | (32,775) | (1,572,141) | - | (3,891,251) |
| Other Financing Sources: | | | | | | | | |
| Operating transfers in | - | 33,000 | - | - | - | - | - | 33,000 |
| EXCESS OF EXPENDITURES OVER REVENUES AND OTHER FINANCING SOURCES | (6,038) | (204,401) | (396,128) | (1,653,768) | (32,775) | (1,572,141) | - | (3,858,251) |
| FUND BALANCE (DEFICIT): | | | | | | | | |
| Beginning of year | (3,557) | 4,790,515 | 1,965,721 | 6,341,699 | (97,274) | 4,651,799 | - | 17,648,903 |
| Other changes in fund balance | - | 470,000 | - | - | - | 1,781,258 | - | 2,251,258 |
| End of year | <u>(\$ 3,557)</u> | <u>\$ 5,260,515</u> | <u>\$ 1,965,721</u> | <u>\$ 6,341,699</u> | <u>(\$ 97,274)</u> | <u>\$ 6,433,057</u> | <u>\$ -</u> | <u>\$ 16,941,910</u> |

**LAND REUTILIZATION AUTHORITY OF
THE CITY OF ST. LOUIS, MISSOURI**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 1989 and 1988

with

REPORT OF INDEPENDENT AUDITORS

Ernst & Young

REPORT OF INDEPENDENT AUDITORS

Board of Commissioners
Land Reutilization Authority of the City
of St. Louis, Missouri

We have audited the accompanying balance sheets of Land Reutilization Authority of the City of St. Louis, Missouri (the Authority) as of December 31, 1989 and 1988, and the related statements of revenues and expenses, changes in fund balance and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except as discussed in the following paragraph as it relates to 1989, we conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Audited financial statements of the Economic Development Corporation (EDC) supporting the administrative and project expenses of \$543,560 in 1989, charged to the Authority by EDC, were not yet prepared. As a result, we were unable to satisfy ourselves as to the amount of the administrative and project expenses by this or other auditing procedures. Administrative and project expenses are included in the net loss for the year ended December 31, 1989, as described in Note 10 to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 1988, and the results of its operations and its cash flow for the year then ended and, except for the effects of such adjustments, if any, as might have been determined necessary had we been able to examine evidence regarding the administrative and project expenses, the financial position of the Authority as of December 31, 1989, and the results of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

Ernst & Young

May 11, 1990

LAND REUTILIZATION AUTHORITY OF
THE CITY OF ST. LOUIS, MISSOURI

BALANCE SHEETS

December 31, 1989 and 1988

| <u>ASSETS</u> | <u>1989</u> | <u>1988</u> |
|---|------------------|------------------|
| Cash | \$132,615 | \$228,953 |
| Deposit in transit | - | 221,095 |
| Accounts receivable: | | |
| Economic Development Corporation (EDC) | 76,848 | - |
| Community Development Agency (CDA) | - | 18,109 |
| Operation Impact | - | 20,432 |
| LRA Real Estate Inc. | - | 5,480 |
| City of St. Louis | 42,800 | 50,975 |
| Rent | 921 | 860 |
| Miscellaneous | <u>-</u> | <u>7,300</u> |
| | 120,569 | 103,156 |
| Allowance for doubtful accounts | <u>-</u> | <u>20,432</u> |
| Net accounts receivable | 120,569 | 82,724 |
| Property and equipment, at cost: | | |
| Office and other equipment | 87,708 | 84,026 |
| Automotive equipment | 102,955 | 102,955 |
| Building improvements | <u>91,156</u> | <u>91,156</u> |
| | 281,819 | 278,137 |
| Less amount charged to operations | <u>281,819</u> | <u>278,137</u> |
| Net property and equipment | <u>-</u> | <u>-</u> |
| | <u>\$253,184</u> | <u>\$532,772</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | |
| Liabilities: | | |
| Accounts payable | \$ 1,300 | \$ 66,986 |
| Accrued wages | - | 12,611 |
| Other accrued expenses | 2,500 | 73,589 |
| Deposits | 16,754 | 30,637 |
| Deferred revenue | <u>56,057</u> | <u>45,425</u> |
| Total liabilities | 76,611 | 229,248 |
| Fund balance: | | |
| Restricted | 176,573 | 303,524 |
| Unrestricted | <u>-</u> | <u>-</u> |
| | <u>176,573</u> | <u>303,524</u> |
| | <u>\$253,184</u> | <u>\$532,772</u> |

See accompanying notes.

LAND REUTILIZATION AUTHORITY OF
THE CITY OF ST. LOUIS, MISSOURI

STATEMENTS OF REVENUES AND EXPENSES

Years Ended December 31, 1989 and 1988

| | <u>1989</u> | <u>1988</u> |
|---|---------------------------|-------------------------|
| Revenues: | | |
| Property sales | \$ 408,171 | \$ 559,927 |
| Rentals | 18,570 | 28,410 |
| Operation Impact | 21,600 | 6,780 |
| Option income | 15,394 | 63,425 |
| Other | 25,884 | 39,063 |
| CDA - Land Reutilization Authority Maintenance Program | - | <u>252,051</u> |
| | <u>489,619</u> | <u>949,656</u> |
| Expenses: | | |
| Administrative and project expenses | 543,560 | - |
| Salaries | - | 318,561 |
| Property maintenance materials and contracts | 25,080 | 290,031 |
| Insurance | - | 111,777 |
| Fringe benefits | - | 65,135 |
| Office supplies and expenses | - | 44,207 |
| Professional fees | 3,500 | 19,380 |
| Travel and automobile expense | - | 5,512 |
| Other | - | 17,122 |
| Equipment | 3,682 | 1,327 |
| Purchase of real estate | 34,468 | 43,750 |
| Provision for uncollectible accounts | <u>6,280</u> | <u>1,556</u> |
| | <u>616,570</u> | <u>918,358</u> |
| (Deficit) excess of revenues over expenses | <u><u>\$(126,951)</u></u> | <u><u>\$ 31,298</u></u> |

See accompanying notes.

LAND REUTILIZATION AUTHORITY OF
THE CITY OF ST. LOUIS, MISSOURI

STATEMENTS OF CHANGES IN FUND BALANCE

Years Ended December 31, 1989 and 1988

| | <u>Restricted</u> | <u>Unrestricted</u> | <u>Total</u> |
|--|-------------------|---------------------|-------------------|
| Fund balance at December 31, 1987 | \$ 272,226 | \$ - | \$ 272,226 |
| Excess of revenues over expenses for year ended December 31, 1988 | <u>31,298</u> | <u>-</u> | <u>31,298</u> |
| Fund balance at December 31, 1988 | 303,524 | - | 303,524 |
| Deficit of revenue over expenses for year ended December 31, 1989 | <u>(126,951)</u> | <u>-</u> | <u>(126,951)</u> |
| Fund balance at December 31, 1989 | <u>\$ 176,573</u> | <u>\$ -</u> | <u>\$ 176,573</u> |

See accompanying notes.

LAND REUTILIZATION AUTHORITY OF
THE CITY OF ST. LOUIS, MISSOURI

STATEMENTS OF CASH FLOWS

Years Ended December 31, 1989 and 1988

| | <u>1989</u> | <u>1988</u> |
|--|-------------------|-------------------|
| Cash flows from operating activities: | | |
| (Deficit) excess of revenues over expenses | \$(126,951) | \$ 31,298 |
| Adjustments to reconcile net income to net increase in cash: | | |
| Provision for uncollectible accounts | 6,280 | 1,556 |
| Change in assets and liabilities: | | |
| Increase in accounts receivable | (44,125) | (35,385) |
| Decrease in prepaid expenses | - | 25,285 |
| (Decrease) increase in accounts payable | (65,686) | 40,844 |
| (Decrease) increase in accrued wages | (12,611) | 2,298 |
| (Decrease) increase in other accrued expenses | (71,089) | 23,980 |
| Decrease in deposits | (13,883) | (3,498) |
| Increase in deferred revenue | <u>10,632</u> | <u>7,321</u> |
| Net increase (decrease) in cash | (317,433) | 93,699 |
| Cash at beginning of year | <u>450,048</u> | <u>356,349</u> |
| Cash at end of year | <u>\$ 132,615</u> | <u>\$ 450,048</u> |

See accompanying notes.

LAND REUTILIZATION AUTHORITY OF
THE CITY OF ST. LOUIS, MISSOURI

NOTES TO FINANCIAL STATEMENTS

December 31, 1989 and 1988

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Land Reutilization Authority of the City of St. Louis, Missouri (the Authority) was incorporated as a public corporation under the "Municipal Land Reutilization Law," Section 92 of the Missouri Revised Statutes.

The Authority acquires most of its parcels through back tax auctions conducted by the Sheriff of the City of St. Louis. Parcels are also acquired through purchases and donations.

The Authority has the responsibility of maintaining, renting and selling parcels in order to eventually restore the parcels to a tax-producing status.

In September 1988, the Economic Development Corporation (EDC) was formed within the City of St. Louis to combine the staff for the six development authorities operating within the City - Land Reutilization Authority, Land Clearance for Redevelopment Authority, Port Authority, Planned Industrial Expansion Authority, the Local Development Company, and the Industrial Development Authority. EDC was formed to better coordinate the work of the authorities and to improve the efficiency and effectiveness of development activity. The Chairmen of the six authorities and two other individuals, appointed at large, serve as the Board of Directors of EDC.

All employees of the Authority became employees of EDC effective January 1, 1989. The Authority maintains its Board of Commissioners and status as a legal entity but contracts with EDC to provide all administrative and project related services. The contracted services fee for 1989 was \$543,560 reflected as total administrative and project expenses. Additional expenses have been approved by the LRA Board of Commissioners as direct charges in addition to the above administrative and project expenses. The Authority has contracted with EDC to provide administrative services for 1990 for a fee of \$250,000 plus the actual cost of direct project-related services incurred.

Basis of Presentation

The financial statements of the Authority have been prepared on the accrual basis of accounting promulgated for governmental agencies.

Property and Equipment

Acquisitions are treated as a period expense in the year of purchase in accordance with generally accepted governmental accounting practices. Cost basis and related contra account are removed at the time property is disposed of.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventory of Parcels

The Authority acquires real estate by deemed purchase at Sheriff's auction, purchase from the Department of Housing and Urban Development, and individual donation. In accordance with accounting practices generally followed by governmental agencies, the actual cost of acquiring these properties is charged to expenses as incurred.

All real estate must be sold for an amount equal to at least 66-2/3% of the property's appraised value under conditions of the Municipal Land Reutilization Law. If sold for less than 66-2/3%, approval by two of the three appointing authorities is required.

Revenue Recognition

Revenue from the sale of parcels is recognized when the terms of the contract have been satisfied.

For parcels sold under lease purchase contracts, cash received is treated as a reduction in the lease purchase receivable with recognition of a sale deferred until all collections have been made and the option is exercised. If the buyer fails to exercise the option or fails to fulfill the terms of the contract, all payments normally are forfeited and are recorded as rental income in the period in which the forfeiture occurred.

For parcels sold under contract for deed, cash received is treated as a reduction in the contract receivable with recognition of the sale deferred until all collections have been made and the contract has been satisfied. If all contract conditions are not satisfied, all payments are normally forfeited and are recorded as property sales in the period in which the forfeiture occurred.

Revenue received from the granting of nonrefundable purchase options on parcels is recognized at the time of granting of the option.

Rental income is recorded as earned.

2. RESTRICTED FUND BALANCE

Section 92 of the Missouri Revised Statutes requires that proceeds from the sale of parcels acquired at Sheriff auctions, after deducting the costs of maintaining the parcels during the year, are to be remitted to the taxing authorities of the City of St. Louis. The Authority consolidates, as one parcel, all revenue from land sales and all operating expenses for the purpose of determining if revenues exceed expenses for the year. Since 1981, operating expenses have exceeded revenues from land sales and accordingly, no distribution to the taxing authorities have occurred.

2. RESTRICTED FUND BALANCE (continued)

Prior to 1982, excess revenues over expenses that were not remitted to the taxing authorities, were left to accumulate as unrestricted fund balance. Subsequent to 1981, in years that total revenue exceeded expenses, the Board of Commissioners abated the payment of any amounts to the taxing authorities in order to maintain an adequate level of working capital necessary to maintain the inventory of land parcels. The Board of Commissioners has designated this amount as restricted fund balance. In years subsequent to 1981, when expenses exceeded revenue, the excess of expenses over total revenues was deducted from the unrestricted fund balance through December 31, 1986. At this time, the unrestricted fund balance was eliminated and then such excess was used to reduce the restricted fund balance.

3. COMMITMENTS

The Authority has an annually renewable agreement with Operation Brightside to provide weed control services on properties held by the Authority for \$125,000 per year. Performance under this contract is provided by the Parks Department of the City of St. Louis to the extent such services are not performed by Operation Brightside.

The Authority has entered into an agreement with a title company involved in a property sale transaction. Under the terms of this agreement, the Authority agreed to indemnify the title company for any loss which it may suffer, until June 1, 1990, as a result of an existing lien of \$225,000 on the property sold. It is management's assessment that the probability of the Authority incurring any loss as a result of this agreement is remote.

4. CONTINGENCIES

Revenues received from federal governmental agencies in prior years are subject to audits by the granting agencies. The Authority believes that adjustments which may arise from these audits, if any, will not be significant.

5. CASH

The cash balance of the Authority is on deposit with the Treasurer of the City of St. Louis (Treasurer). This practice is in accordance with the provisions of the "Municipal Land Reutilization Law," Section 92 of the Missouri Revised Statutes.

Interest earned for the year ended December 31, 1988 was \$7,408. No interest was paid in 1989. Cash receipts are deposited with the Treasurer and cash disbursements of the Authority are drawn against the balance on deposit.

6. DEFERRED REVENUE

Deferred revenue of \$56,057 at December 31, 1989 and \$45,425 at December 31, 1988, resulting from contract for deed and lease purchase arrangements entered into by the Authority excludes amounts to be received in the future. These noninterest bearing accounts receivable represent future installment payments due under the terms of the contracts. Maturities of these accounts receivable at December 31, are as follows:

| | <u>1989</u> | <u>1988</u> |
|------|------------------|------------------|
| 1989 | \$ - | \$ 64,619 |
| 1990 | 81,074 | 9,972 |
| 1991 | 30,540 | 26,776 |
| 1992 | <u>1,764</u> | <u>-</u> |
| | <u>\$113,378</u> | <u>\$101,367</u> |

7. CHARGES FROM CITY OF ST. LOUIS

The City of St. Louis (City) provided certain services to and administered certain activities of the Authority such as treasury, comptrollers, data processing, and unemployment self-insurance. The Authority was charged a pro rata share of the City's cost for these operations as well as costs directly incurred on behalf of the Authority. The city waived all charges in 1988. EDC now provides these services as described above.

8. PROPERTY SALES

During 1989, the City of St. Louis Police Department purchased a number of parcels through the Authority, including both parcels held in the Authority's inventory and parcels purchased by the Authority specifically for the Police Department. The City paid the Authority \$350,000 for the parcels and related expenses. Of this amount, \$29,335 is included in property sales as it relates to parcels previously held in the Authority's inventory.

Also during 1989, the Authority entered into a 15-year lease with the Human Development Corporation of the City of St. Louis (HDC) whereby the Authority is leasing a parcel of land to HDC for the construction of an office building. In conjunction therewith, the Authority received a one-time payment of \$42,568, which is reflected as a property sale. In accordance with the terms of the lease, the Authority has agreed to purchase the improvements on the land from HDC at the expiration of the lease. Funds for the purchase of the improvements will be provided by the Community Development Corporation.

9. RELATED PARTIES

Management employees of the Authority formed LRA Real Estate Inc. in 1986, as a means to list and promote the sale of vacant buildings within the City of St. Louis. As a member of the Metropolitan Real Estate Board, LRA Real Estate Inc. markets selected properties of the Authority and Operation Impact through the "Multilist." Although not specifically excluded, the majority of properties sold are not held by the Authority. The Authority does not charge for providing office space and administrative services for LRA Real Estate Inc. LRA Real Estate Inc. receives commission income on the sale of certain non Authority-owned property, which was used to pay its operating costs including compensation to LRA employees of approximately \$13,000 in 1988. This bonus amount was equally distributed among all employees, as approved by the Board of Commissioners. Management of LRA Real Estate Inc. was transferred to Operation Impact during 1989. There were no transactions between LRA and LRA Real Estate Inc. during 1989 other than the write off, as uncollectible, of a receivable of \$5,480 from LRA Real Estate, Inc.

Operation Impact is a not-for-profit corporation organized to preserve selected residential neighborhoods in the City of St. Louis. Operation Impact quit claims properties they have acquired to the Authority for purposes of maintenance and insurance. The Authority maintains the Operation Impact property with funds received from CDA (in 1988) and rental income derived from the properties. The Authority charged rent of \$1,800 and \$565 per month in 1989 and 1988, respectively, to Operation Impact, but does not charge for providing other administrative services to Operation Impact. In 1988, the Authority advanced funds for Operation Impact to acquire selected properties. Such advances were repaid when Operation Impact sold the property or received funding from granting agencies, except for \$20,432 which was reserved for in 1988 and prior years and written off as uncollectible in 1989.

10. ADMINISTRATIVE AND PROJECT EXPENSES

As described in Note 1, the Authority contracted with EDC to provide all administrative and project related services in 1989 for \$543,560. In addition, the Authority agreed to pay EDC for specific real estate and equipment acquisition expenditures which were separately approved by the Authority's Board of Commissioners. If, based on the audited financial statements of EDC, the amount of revenue generated by the Authority, EDC or other organizations managed by EDC, or the operating expenses of EDC, prove to be significantly different from the amounts contemplated in the determination of the \$543,560 administrative and project expenses, EDC may propose, with the concurrence of the LRA Board of Commissioners, to adjust the expenses. The Authority has been informed that EDC does not anticipate proposing any adjustment to the administrative and project expenses as a result of the audit of the financial statements of EDC.

LAND REUTILIZATION AUTHORITY OF
THE CITY OF ST. LOUIS, MISSOURI

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 1983 and 1987

with

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

Ernst & Young

Ernst & Young

Laclede Gas Building
720 Olive Street
St. Louis, Missouri 63101
Telephone: (314) 241-9000
Fax: (314) 436-2708
Telex: 5101011446

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

Board of Commissioners
Land Reutilization Authority of the City
of St. Louis, Missouri

We have audited the accompanying balance sheets of Land Reutilization Authority of the City of St. Louis, Missouri (the "Authority") at December 31, 1988 and 1987, and the related statements of revenues and expenses, changes in fund balance and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority at December 31, 1988 and 1987 and the results of operations and cash flows for the years then ended in conformity with generally accepted accounting principles.

As discussed in Note 2 to the financial statements, the Collector of Revenue of the City of St. Louis has filed a lawsuit against the Authority regarding the right to combine the proceeds from the sale of individual parcels of land to meet the operational expenses of the Authority. The ultimate outcome of the lawsuit cannot presently be determined.

Ernst & Young

October 25, 1989

LAND REUTILIZATION AUTHORITY OF
THE CITY OF ST. LOUIS, MISSOURI

BALANCE SHEETS

December 31, 1988 and 1987

| <u>ASSETS</u> | <u>1988</u> | <u>1987</u> |
|-------------------------------------|-------------------|-------------------|
| Cash | \$ 228,953 | \$ 168,043 |
| Deposit in transit | 221,095 | 188,306 |
| Accounts receivable: | | |
| Community Development Agency (CDA) | 18,109 | 19,923 |
| Operation Impact | 20,432 | 36,876 |
| LRA Real Estate Inc. | 5,480 | 7,691 |
| City of St. Louis | 50,975 | - |
| Rent | 860 | 3,281 |
| Miscellaneous | 7,300 | - |
| | <u>103,156</u> | <u>67,771</u> |
| Allowance for doubtful accounts | 20,432 | 18,876 |
| Net accounts receivable | 82,724 | 48,895 |
| Prepaid expense | - | 25,285 |
| Property and equipment, at cost: | | |
| Office and other equipment | 84,026 | 83,205 |
| Automotive equipment | 102,955 | 89,708 |
| Building improvements | 91,156 | 91,156 |
| | <u>278,137</u> | <u>264,069</u> |
| Less amount charged to operations | 278,137 | 264,069 |
| Net property and equipment | <u>-</u> | <u>-</u> |
| | <u>\$ 532,772</u> | <u>\$ 430,529</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | |
| Liabilities: | | |
| Accounts payable | \$ 66,986 | \$ 26,142 |
| Accrued wages | 12,611 | 10,313 |
| Other accrued expenses | 73,589 | 49,609 |
| Deposits | 30,637 | 34,135 |
| Deferred revenue | 45,425 | 38,104 |
| Total liabilities | <u>229,248</u> | <u>158,303</u> |
| Fund balance (Note 2): | | |
| Restricted | 303,524 | 272,226 |
| Unrestricted | - | - |
| | <u>303,524</u> | <u>272,226</u> |
| | <u>\$ 532,772</u> | <u>\$ 430,529</u> |

See accompanying notes.

LAND REUTILIZATION AUTHORITY OF
THE CITY OF ST. LOUIS, MISSOURI

STATEMENTS OF REVENUES AND EXPENSES

Years Ended December 31, 1988 and 1987

| | <u>1988</u> |
|---|------------------|
| Revenues: | |
| Property sales | \$ 559,927 |
| Rentals | 35,190 |
| Option income | 63,425 |
| Other | 39,063 |
| CDA - LRA Maintenance Program | <u>252,051</u> |
| | 949,656 |
| Expenses: | |
| Salaries | 318,561 |
| Property maintenance materials and contracts | 290,031 |
| Insurance | 111,777 |
| Fringe benefits | 65,135 |
| Office supplies and expenses | 44,207 |
| Professional fees | 19,380 |
| Travel and automobile expense | 5,512 |
| Other | 17,122 |
| Equipment | 1,327 |
| Purchase of real estate | 43,750 |
| Bad debts | - |
| Provision for uncollectible accounts | <u>1,556</u> |
| | <u>918,358</u> |
| Excess of revenues over expenses | <u>\$ 31,298</u> |

LAND REUTILIZATION AUTHORITY OF
THE CITY OF ST. LOUIS, MISSOURI

NOTES TO FINANCIAL STATEMENTS

December 31, 1988 and 1987

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Land Reutilization Authority of the City of St. Louis, Missouri (the Authority) was incorporated as a public corporation under the "Municipal Land Reutilization Law," Section 92 of the Missouri Revised Statutes.

The Authority acquires most of its parcels through back tax auctions conducted by the Sheriff of the City of St. Louis. Parcels are also acquired through purchases and donations.

The Authority has the responsibility of maintaining, renting and selling parcels in order to eventually restore the parcels to a tax-producing status.

Basis of Presentation

The financial statements of the Authority have been prepared on the accrual basis of accounting promulgated for governmental agencies.

Property and Equipment

Acquisitions are treated as a period expense in the year of purchase in accordance with generally accepted governmental accounting practices. Cost basis and related contra account are removed at the time property is disposed of.

Inventory of Parcels

The Authority acquires real estate by deemed purchase at Sheriff's auction, purchase from the Department of Housing and

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Urban Development, and individual donation. In accordance with accounting practices generally followed by governmental agencies, the actual cost of acquiring these properties is charged to expenses as incurred.

The Authority had approximately 5,400 parcels in their inventory with a delinquent tax value of approximately \$4,900,000 at December 31, 1988 and 1987. These amounts (which are unaudited and do not represent fair market value of the property) are presented for information purposes only and are not reflected in the accompanying financial statements.

All real estate must be sold for an amount equal to at least 66-2/3% of the property's appraised value under conditions of the Municipal Land Reutilization Law. If sold for less than 66-2/3%, approval by two of the three appointing authorities is required.

Revenue Recognition

Revenue from the sale of parcels is recognized when the terms of the contract have been satisfied.

For parcels sold under lease purchase contracts, cash received is treated as a reduction in the lease purchase receivable with recognition of a sale deferred until all collections have been made and the option is exercised. If the buyer fails to exercise the option or fails to fulfill the terms of the contract, all payments normally are forfeited and are recorded as rental income in the period in which the forfeiture occurred.

For parcels sold under contract for deed, cash received is treated as a reduction in the contract receivable with recognition of the sale deferred until all collections have been

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

made and the contract has been satisfied. If all contract conditions are not satisfied, all payments are normally forfeited and are recorded as property sales in the period in which the forfeiture occurred.

Revenue received from the granting of nonrefundable purchase options on parcels is recognized at the time of granting of the option.

Rental income is recorded as earned.

2. RESTRICTED FUND BALANCE AND LITIGATION

Section 92 of the Missouri Revised Statutes requires that proceeds from the sale of parcels acquired at Sheriff auctions, after deducting the costs of maintaining the parcels during the year, are to be remitted to the taxing authorities of the City of St. Louis. The Authority consolidates, as one parcel, all revenue sources and all operating expenses for the purpose of determining if revenues exceed expenses for the year.

In 1988, 1987, 1985, 1983 and 1982, revenue exceeded expenses, however, the Board of Commissioners abated the amounts owed to the taxing authority in order to maintain an adequate level of working capital necessary to maintain the inventory of land parcels. The Board of Commissioners has designated this amount as restricted fund balance. Excess expenses over revenues were deducted from the unrestricted fund balance through December 31, 1986 at which time the unrestricted fund balance was eliminated and then such excess was used to reduce the restricted fund balance.

In 1989, the City of St. Louis Collector of Revenue filed a lawsuit against the Authority alleging lack of allocation of revenues in violation of State statutes. The Collector of Revenue contends the Authority is to allocate operating

2. RESTRICTED FUND BALANCE AND LITIGATION (continued)

expenses to all parcels owned in determining if excess funds are to be distributed on any parcel sale and the current practice of annually combining parcels results in using surplus funds to pay its general operating expenses and concealing excess funds that should be distributed. The Authority intends to vigorously defend its position in this matter and believes it will prevail; however, the ultimate outcome of this litigation cannot presently be determined. Accordingly, no provision for any liability that may result has been made in the financial statements.

3. COMMITMENTS

The Authority has an annually renewable agreement with Operation Brightside to provide weed control services on properties held by the Authority for \$125,000 per year. Performance under this contract is provided by the Parks Department of the City of St. Louis to the extent such services are not performed by Operation Brightside.

The Authority has entered into an agreement with a title company involved in a property sale transaction. Under the terms of this agreement, the Authority agreed to indemnify the title company for any loss which it may suffer, until June 1, 1990, as a result of an existing lien of \$225,000 on the property sold. It is management's assessment that the probability of the Authority incurring any loss as a result of this agreement is remote.

4. CASH

The cash balance of the Authority is on deposit with the Treasurer of the City of St. Louis (Treasurer). This practice is in accordance with the provisions of the "Municipal Land Reutilization Law," Section 92 of the Missouri Revised Statutes.

4. CASH (continued)

Interest earned for the years ended December 31, 1988 and 1987 was \$7,408 and \$6,923, respectively. Cash receipts are deposited with the Treasurer and cash disbursements of the Authority are drawn against the balance on deposit.

5. DEFERRED REVENUE

Deferred revenue of \$45,425 at December 31, 1988 and \$38,104 at December 31, 1987 resulting from contract for deed and lease purchase arrangements entered into by the Authority is net of amounts to be received in the future. These non-interest bearing accounts receivable represent future installment payments due under the terms of the contracts. Maturities of these accounts receivable at December 31, are as follows:

| | <u>1988</u> | <u>1987</u> |
|------|------------------|-----------------|
| 1988 | \$ - | \$24,449 |
| 1989 | 64,619 | 54,647 |
| 1990 | 9,972 | 3,360 |
| 1991 | <u>26,776</u> | <u>-</u> |
| | <u>\$101,367</u> | <u>\$82,456</u> |

6. CHARGES FROM CITY OF ST. LOUIS

The City of St. Louis (City) provides certain services to and administers certain activities of the Authority such as treasury, comptrollers, data processing and unemployment self-insurance. The Authority is charged a pro rata share of the City's cost for these operations as well as costs directly incurred on behalf of the Authority. Charges from the City amounted to approximately \$12,270 in 1987. The city waived all charges in 1988.

7. RELATED PARTIES

Management employees of the Authority formed LRA Real Estate Inc. in 1986, as a means to list and promote the sale of vacant buildings within the City of St. Louis. As a member of the Metropolitan Real Estate Board, LRA Real Estate Inc. markets selected properties of the Authority and Operation Impact through the "Multilist." Although not specifically excluded, the majority of properties sold are not held by the Authority. The Authority does not charge for providing office space and administrative services for LRA Real Estate Inc. LRA Real Estate Inc. receives commission income on the sale of certain non Authority owned property which is used to pay its operating costs, including compensation to LRA employees of approximately \$13,000 and \$16,000 in 1988 and 1987, respectively. These bonus amounts were equally distributed among all employees, as approved by the Board of Commissioners.

Operation Impact is a not-for-profit corporation organized to preserve selected residential neighborhoods in the City of St. Louis. Operation Impact quit claims properties they have acquired to the Authority for purposes of maintenance and insurance. The Authority maintains the Operation Impact property with funds received from CDA and rental income derived from the properties. The Authority charged rent of \$565 per month to Operation Impact, but does not charge for providing other administrative services to Operation Impact. The Authority also advances funds for Operation Impact to acquire selected properties. Such advances are repaid when Operation Impact sells the property or receives funding from granting agencies.

Ultimate collectibility of the receivable from Operation Impact is doubtful and, accordingly, a provision has been established in the financial statements.

SUBSEQUENT EVENT

In September 1988, the Economic Development Corporation (EDC) was formed within the City of St. Louis to combine the staff for the six development authorities operating within the City - Land Reutilization Authority, Land Clearance for Redevelopment Authority, Port Authority, Planned Industrial Expansion Authority, the Local Development Company and the Industrial Development Authority. EDC was formed to better coordinate the work of the authorities and to improve the efficiency and effectiveness of development activity. The Chairmen of the six authorities and others, appointed at large, serve as the Board of Directors of EDC.

All employees of the Authority became employees of EDC effective January 1, 1989. The Authority will maintain it's Board of Commissioners and status as a legal entity but will contract with EDC to provide all services after December 31, 1988.

LAND REUTILIZATION AUTHORITY OF
THE CITY OF ST. LOUIS, MISSOURI

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 1986 and 1985

with

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

Laclede Gas Building
720 Olive Street
St. Louis, Missouri 63101
Telephone (314) 241-9000
Fax (314) 436-2708
Telex 5101011446

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

Board of Commissioners
Land Reutilization Authority of the City
of St. Louis, Missouri

We have audited the accompanying balance sheets of Land Reutilization Authority of the City of St. Louis (the "Authority") at December 31, 1986 and 1985, and the related statements of revenues and expenses, changes in fund balance and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority at December 31, 1986 and 1985 and the results of operations and cash flows for the years then ended in conformity with generally accepted accounting principles.

As discussed in Note 2 to the financial statements, the Collector of Revenue of the City of St. Louis has filed a lawsuit against the Authority regarding the right to combine the proceeds from the sale of individual parcels of land to meet the operational expenses of the Authority. The ultimate outcome of the lawsuit cannot presently be determined.

Ernst & Young

September 15, 1989

LAND REUTILIZATION AUTHORITY OF
THE CITY OF ST. LOUIS, MISSOURI

BALANCE SHEETS

December 31, 1986 and 1985

| <u>ASSETS</u> | <u>1986</u> | <u>1985</u> |
|---|-------------------|-------------------|
| Cash | \$ 350,775 | \$ 403,585 |
| Accounts receivable: | | |
| Community Development Agency | 1,137 | 10,028 |
| Operation Impact | 15,050 | 7,481 |
| LRA Real Estate Inc. | 567 | - |
| Rent | 3,352 | 6,675 |
| Miscellaneous | - | 4,490 |
| | <u>20,106</u> | <u>28,674</u> |
| Allowance for doubtful accounts | (15,050) | - |
| Net accounts receivable | 5,056 | 28,674 |
| Prepaid expense | 43,972 | 32,015 |
| Property and equipment, at cost: | | |
| Office and other equipment | 81,920 | 80,573 |
| Automotive equipment | 83,980 | 72,953 |
| Building improvements | 91,156 | 91,156 |
| | <u>257,056</u> | <u>244,682</u> |
| Less amount charged to operations | 257,056 | 244,682 |
| Net property and equipment | - | - |
| | <u>\$ 399,803</u> | <u>\$ 464,274</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | |
| Liabilities: | | |
| Accounts payable | \$ 16,565 | \$ 11,551 |
| Accrued wages | 8,858 | 9,891 |
| Other accrued expenses | 69,112 | 61,828 |
| Deposits | 33,555 | 24,003 |
| Deferred revenue | 63,066 | 92,591 |
| Total liabilities | 191,156 | 199,864 |
| Fund balance: | | |
| Restricted (Note 2) | 208,647 | 225,721 |
| Unrestricted | - | 38,689 |
| | <u>208,647</u> | <u>264,410</u> |
| | <u>\$ 399,803</u> | <u>\$ 464,274</u> |

See accompanying notes.

LAND REUTILIZATION AUTHORITY OF
THE CITY OF ST. LOUIS, MISSOURI

STATEMENTS OF REVENUES AND EXPENSES

Years Ended December 31, 1986 and 1985

| | <u>1986</u> | <u>1985</u> |
|--|--------------------|-------------------|
| Revenues: | | |
| Property sales | \$ 691,703 | \$ 870,761 |
| Rentals | 85,246 | 85,332 |
| Option income | 74,558 | 64,889 |
| Other | 39,542 | 62,548 |
| CDA - LRA Maintenance Program | <u>4,941</u> | <u>24,044</u> |
| | 895,990 | 1,107,574 |
| Expenses: | | |
| Salaries | 315,086 | 334,885 |
| Property maintenance materials and contracts | 314,675 | 322,443 |
| Insurance | 102,000 | 45,532 |
| Fringe benefits | 61,042 | 62,629 |
| Office supplies and expenses | 40,305 | 52,167 |
| Professional fees | 59,408 | 60,159 |
| Travel and automobile expense | 6,753 | 18,121 |
| Other | 31,234 | 7,268 |
| Equipment | 1,259 | 6,215 |
| Purchase of real estate | - | 2,600 |
| CDA - LRA Maintenance Program | 4,941 | 24,044 |
| Provision for uncollectible accounts | <u>15,050</u> | <u>-</u> |
| | <u>951,753</u> | <u>936,063</u> |
| Excess (deficit) of revenues over expenses | <u>\$ (55,763)</u> | <u>\$ 171,511</u> |

See accompanying notes.

LAND REUTILIZATION AUTHORITY OF
THE CITY OF ST. LOUIS, MISSOURI

STATEMENTS OF CHANGES IN FUND BALANCE

Years Ended December 31, 1986 and 1985

| | <u>Restricted</u> | <u>Unrestricted</u> | <u>Total</u> |
|--|-------------------|---------------------|------------------|
| Fund balance at December 31, 1984 | \$ 54,210 | \$ 38,689 | \$ 92,899 |
| Excess of revenues over expenses for year ended December 31, 1985 | <u>171,511</u> | <u>-</u> | <u>171,511</u> |
| Fund balance at December 31, 1985 | 225,721 | 38,689 | 264,410 |
| Excess of expenses over revenues for year ended December 31, 1986 | <u>(17,074)</u> | <u>(38,689)</u> | <u>(55,763)</u> |
| Fund balance at December 31, 1986 | <u>\$208,647</u> | <u>\$ -</u> | <u>\$208,647</u> |

See accompanying notes.

LAND REUTILIZATION AUTHORITY OF
THE CITY OF ST. LOUIS, MISSOURI

STATEMENTS OF CASH FLOWS

Years Ended December 31, 1986 and 1985

| | <u>1986</u> | <u>1985</u> |
|---|------------------|-------------------|
| Cash flows from operating activities: | | |
| Excess (deficit) of revenues over expenses | \$(55,763) | \$171,511 |
| Change in assets and liabilities: | | |
| Decrease (increase) in accounts receivable | 23,618 | (22,793) |
| Increase in prepaid expenses | (11,957) | (15,434) |
| Increase (decrease) in accounts payable | 5,014 | (11,516) |
| Increase (decrease) in accrued wages | (1,033) | 415 |
| Increase (decrease) in other accrued expenses | 7,284 | (23,404) |
| Increase in deposits | 9,552 | 7,104 |
| Decrease in deferred revenue | <u>(29,525)</u> | <u>(215)</u> |
| Net increase in cash | (52,810) | 105,668 |
| Cash at beginning of year | <u>403,585</u> | <u>297,917</u> |
| Cash at end of year | <u>\$350,775</u> | <u>\$ 403,585</u> |

See accompanying notes.

LAND REUTILIZATION AUTHORITY OF
THE CITY OF ST. LOUIS, MISSOURI

NOTES TO FINANCIAL STATEMENTS

December 31, 1986 and 1985

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Land Reutilization Authority of the City of St. Louis, Missouri (the Authority) was incorporated as a public corporation under the "Municipal Land Reutilization Law," Section 92 of the Missouri Revised Statutes.

The Authority acquires most of its parcels through back tax auctions conducted by the Sheriff of the City of St. Louis. Parcels are also acquired through purchases and donations.

The Authority has the responsibility of maintaining, renting and selling parcels in order to eventually restore the parcels to a tax-producing status.

Basis of Presentation

The financial statements of the Authority have been prepared on the accrual basis of accounting promulgated for governmental agencies.

Property and Equipment

Acquisitions are treated as a period expense in the year of purchase in accordance with generally accepted governmental accounting practices. Cost basis and related contra account are removed at the time property is disposed of.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventory of Parcels

The Authority acquires real estate by deemed purchase at Sheriff's auction, purchase from the Department of Housing and Urban Development, and individual donation. In accordance with accounting practices generally followed by governmental agencies, the actual cost of acquiring these properties is charged to expenses as incurred.

The Authority had approximately 5,400 and 5,500 parcels in their inventory with a delinquent tax value of approximately \$4,700,000 and \$4,600,000 at December 31, 1986 and 1985, respectively. These amounts (which are unaudited and do not represent fair market value of the property) are presented for information purposes only and are not reflected in the accompanying financial statements.

All real estate must be sold for an amount equal to at least 66-2/3% of the property's appraised value under conditions of the Municipal Land Reutilization Law. If sold for less than 66-2/3%, approval by two of the three appointing authorities is required.

Revenue Recognition

Revenue from the sale of parcels is recognized when the terms of the contract have been satisfied.

For parcels sold under lease purchase contracts, cash received is treated as a reduction in the lease purchase receivable with recognition of a sale deferred until all collections have been made and the option is exercised. If the buyer fails to exercise the option or fails to fulfill the terms of the contract, all payments normally are forfeited and are recorded as rental income in the period in which the forfeiture occurred.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

For parcels sold under Contract for Deed, cash received is treated as a reduction in the contract receivable with recognition of the sale deferred until all collections have been made and the contract has been satisfied. If all contract conditions are not satisfied, all payments are normally forfeited and are recorded as income in the period in which the forfeiture occurred.

Revenue received from the granting of nonrefundable purchase options on parcels is recognized at the time of granting of the option.

Rental income is recorded as earned.

2. RESTRICTED FUND BALANCE AND LITIGATION

Section 92 of the Missouri Revised Statutes requires that proceeds from the sale of parcels acquired at Sheriff auctions, after deducting the costs of maintaining the parcels during the year, are to be remitted to the taxing authorities of the City of St. Louis. The Authority consolidates, as one parcel, all revenue sources and all operating expenses for the purpose of determining if revenues exceed expenses for the year.

In 1985, 1983 and 1982, revenues exceeded expenses, however, the Board of Commissioners abated the amounts owed to the taxing authority in order to maintain an adequate level of working capital necessary to maintain the inventory of land parcels. The Board of Commissioners has designated this amount as restricted fund balance. Excess expenses over revenues are deducted from the unrestricted fund balance until such time as the unrestricted fund balance is eliminated and then such excess is used to reduce the restricted fund balance.

2. RESTRICTED FUND BALANCE AND LITIGATION (continued)

In 1989, the City of St. Louis Collector of Revenue filed a lawsuit against the Authority alleging lack of allocation of revenues in violation of State statutes. The Collector of Revenue contends the Authority is to allocate operating expenses to all parcels owned in determining if excess funds are to be distributed on any parcel sale and the current practice of annually combining parcels results in using surplus funds to pay its general operating expenses and concealing excess funds that should be distributed. The Authority intends to vigorously defend its position in this matter and believes it will prevail; however, the ultimate outcome of this litigation cannot presently be determined. Accordingly, no provision for any liability that may result has been made in the financial statements.

3. COMMITMENTS

The Authority has an annually renewable agreement with Operation Brightside to provide weed control services on properties held by the Authority for \$125,000 per year. Performance under this contract is provided by the Parks Department of the City of St. Louis to the extent such services are not performed by Operation Brightside.

The Authority has entered into an agreement with a title company involved in a property sale transaction. Under the terms of this agreement, the Authority agreed to indemnify the title company for any loss which it may suffer, until June 1, 1990, as a result of an existing lien of \$225,000 on the property sold. It is management's assessment that the probability of the Authority incurring any loss as a result of this agreement is remote.

4. CASH

The cash balance of the Authority is on deposit with the Treasurer of the City of St. Louis (Treasurer). This practice is in accordance with the provisions of the "Municipal Land Reutilization Law," Section 92 of the Missouri Revised Statutes.

Cash receipts are deposited with the Treasurer and cash disbursements of the Authority are drawn against the balance on deposit.

5. DEFERRED REVENUE

Deferred revenue of \$63,066 at December 31, 1986 and \$92,591 at December 31, 1985 resulting from contract for deed and lease purchase arrangements entered into by the Authority is net of amounts to be received in the future. These non-interest bearing accounts receivable represent future installment payments due under the terms of the contracts. Maturities of these accounts receivable at December 31, are as follows:

| | <u>1986</u> | <u>1985</u> |
|------|-----------------|-----------------|
| 1986 | \$ - | \$67,965 |
| 1987 | 31,615 | 16,014 |
| 1988 | <u>4,385</u> | <u>2,370</u> |
| | <u>\$36,000</u> | <u>\$86,349</u> |

6. CHARGES FROM CITY OF ST. LOUIS

The City of St. Louis (City) provides certain services to and administers certain activities of the Authority such as treasury, comptrollers, data processing and unemployment self-insurance. The Authority is charged a pro rata share of the City's cost for these operations as well as costs directly incurred on behalf of the Authority. Charges from the City amounted to approximately \$33,300 and \$21,420 in 1986 and 1985, respectively.

7. RELATED PARTIES

Management employees of the Authority formed LRA Real Estate Inc. in 1986, as a means to list and promote the sale of vacant buildings within the City of St. Louis. As a member of the Metropolitan Real Estate Board, LRA Real Estate Inc. markets selected properties of the Authority and Operation Impact through the "Multilist". Although not specifically excluded, the majority of properties sold were not held by the Authority. The Authority does not charge for providing office space and administrative services for LRA Real Estate Inc. LRA Real Estate Inc. receives commission income on the sale of certain non Authority owned property which is used to pay its operating costs, including immaterial additional compensation to LRA employees.

Operation Impact is a not-for-profit corporation organized to preserve selected residential neighborhoods in the City of St. Louis. Operation Impact quit claims properties they have acquired to the Authority for purposes of maintenance and insurance. The Authority maintains the Operation Impact property with funds received from CDA and rental income derived from the properties. The Authority does not charge for providing administrative services to Operation Impact. The Authority also advances funds for Operation Impact to acquire selected properties. Such advances are repaid when Operation Impact sells the property or receives funding from granting agencies.

Ultimate collectibility of the receivables at December 31, 1986 from Operation Impact is doubtful and, accordingly, a provision has been established in the financial statements.

8. SUBSEQUENT EVENT

In September 1988, the Economic Development Corporation (EDC) was formed within the City of St. Louis to combine the staff

8. SUBSEQUENT EVENT (continued)

for six development Authorities operating within the City - Land Reutilization Authority, Land Clearance for Redevelopment Authority, Port Authority, Planned Industrial Expansion Authority, the Local Development Company and the Industrial Development Authority. EDC was formed to better coordinate the work of the Authorities and to improve the efficiency and effectiveness of development activity. The Chairman of the six Authorities and others, appointed at large, serve as the Board of Directors of EDC.

All employees of the Authority became employees of EDC effective January 1, 1989. The Authority will maintain its Board of Commissioners and status as a legal entity but will contract with EDC to provide all services after December 31, 1988.

**LAND REUTILIZATION AUTHORITY
THE CITY OF ST. LOUIS, MO.
AGENCY BUDGET 1992**

| | BUDGET 1991 | PROJECTED 12/31/91 | BUDGET 1992 |
|--|---------------------|-----------------------|---------------------|
| REVENUES | | | |
| Sale of Property | \$415,000.00 | \$375,000.00 | \$396,000.00 |
| Rental Income | \$25,000.00 | \$20,000.00 | \$20,000.00 |
| Lease Purchase | \$20,000.00 | \$17,000.00 | \$17,000.00 |
| Option Income | \$18,000.00 | \$12,000.00 | \$12,000.00 |
| State Grant | \$0.00 | \$4,000.00 | \$0.00 |
| Miscellaneous | \$20,000.00 | \$12,000.00 | \$12,000.00 |
| Special Demo & Board-up | \$92,000.00 | \$92,000.00 | \$200,000.00 |
| TOTAL REVENUES | \$590,000.00 | \$532,000.00 | \$657,000.00 |
| EXPENSES | | | |
| SLDC Allocation (Admin.) | \$125,000.00 | \$125,000.00 | \$200,000.00 |
| Real Estate | | | |
| Audit | \$10,000.00 | \$10,000.00 | \$5,000.00 |
| Insurance | \$120,000.00 | \$120,000.00 | \$120,000.00 |
| Title & Recording | \$45,000.00 | \$45,000.00 | \$45,000.00 |
| Computer Access | \$5,000.00 | \$22,000.00 | \$15,000.00 |
| Appraisals | \$13,000.00 | \$15,000.00 | \$15,000.00 |
| Disposition | \$3,000.00 | \$2,000.00 | \$2,000.00 |
| Sundry Real Estate | \$2,000.00 | \$6,000.00 | \$6,000.00 |
| Maintenance | | | |
| Shop Expense | \$5,000.00 | \$5,000.00 | \$5,000.00 |
| Equipment Purchase | \$10,000.00 | \$1,000.00 | \$1,000.00 |
| Board-up Expense | \$13,000.00 | \$0.00 | \$0.00 |
| Supplies | \$8,000.00 | \$8,000.00 | \$8,000.00 |
| Tree Removal/Trimming | \$4,000.00 | \$7,000.00 | \$7,000.00 |
| Demolition | \$8,000.00 | \$8,000.00 | \$0.00 |
| Lot Clean-up | \$100,000.00 | \$100,000.00 | \$0.00 |
| Property Expense - Eagle | \$12,000.00 | \$10,000.00 | \$10,000.00 |
| Vehicle | \$10,000.00 | \$12,000.00 | \$12,000.00 |
| Sundry Maintenance | \$5,000.00 | \$6,000.00 | \$6,000.00 |
| Special Demo & Board-up | \$92,000.00 | \$92,000.00 | \$200,000.00 |
| TOTAL EXPENSES | \$590,000.00 | \$594,000.00 | \$657,000.00 |
| NET INCOME (LOSS) | \$0.00 | (\$62,000.00) | \$0.00 |
| FUND BALANCE - BEGINNING (ADJUSTED) | | (\$103,115.00) | |
| FUND BALANCE - END OF PERIOD | | (\$165,115.00) | |

* NOTE - In addition to the above, The St. Louis Development Corporation is anticipating special funding of \$1,358,000.00 from the CDA for LRA related Demolition, Board-up and Lot Clean-up.

LRA AGENCY BUDGET

1990 - 1991

| <u>REVENUE</u> | <u>PROJECTED ACTIVITY 1990</u> | <u>FINAL BUDGET 1991</u> |
|-----------------------------|--|----------------------------------|
| Sale of Property | \$ 240,000 | \$ 415,000 |
| Rental Income | 40,000 | 25,000 |
| Lease Purchase | 20,000 | 20,000 |
| Option Income | 20,000 | 18,000 |
| Miscellaneous | 5,000 | 20,000 |
| Subtotal | \$ 325,000 | \$ 498,000 |
| BEGINNING YEAR FUND BALANCE | 200,000 | -0- |
| <u>TOTAL REVENUE</u> | <u>\$ 525,000</u> | <u>\$ 498,000</u> |

EXPENSE

Administrative:

| | | |
|-----------------|------------|------------|
| SLDC Allocation | \$ 133,000 | \$ 125,000 |
|-----------------|------------|------------|

Real Estate:

| | | |
|-------------------|------------|------------|
| Environmental | \$ -0- | \$ -0- |
| Acquisition | 2,000 | -0- |
| Insurance | 110,000 | 120,000 |
| Title & Recording | 45,000 | 45,000 |
| Computer Access | 16,000 | 5,000 |
| Appraisals | 13,000 | 13,000 |
| Disposition | 3,000 | 3,000 |
| Audit | 12,000 | 10,000 |
| Other/Contingency | 1,000 | 2,000 |
| Subtotal | \$ 202,000 | \$ 198,000 |

Maintenance:

| | | |
|------------------------------|------------|------------|
| Public Works | \$ -0- | \$ -0- |
| Shop Expense | 5,000 | 5,000 |
| Equipment & Vehicle Purchase | 3,000 | 10,000 |
| Board-Up Expense | 13,000 | 13,000 |
| Tree Removal/Trimming | 4,000 | 4,000 |
| Demolition | 5,000 | 8,000 |
| Lot Clean-Up | 125,000 | 100,000 |
| Property/Exp.-Eagle | 12,000 | 12,000 |
| Vehicle Expense | 10,000 | 10,000 |
| Supplies & Tools | 8,000 | 8,000 |
| Other/Contingency | 5,000 | 5,000 |
| Subtotal | \$ 190,000 | \$ 175,000 |

| | | |
|----------------------|-------------------|-------------------|
| <u>TOTAL EXPENSE</u> | <u>\$ 525,000</u> | <u>\$ 498,000</u> |
|----------------------|-------------------|-------------------|

| | | |
|--------------------------------|--------|--------|
| AMOUNT AVAILABLE FOR CARRYOVER | \$ -0- | \$ -0- |
|--------------------------------|--------|--------|

LAND REUTILIZATION AUTHORITY
CITY OF ST. LOUIS, MISSOURI
OPERATING BUDGET 1990

ESTIMATED REVENUES

| | | |
|-----------------------------|--------------|------------|
| Sales | \$ 375,000 | |
| Lease Purchase/Installments | 24,000 | |
| Rental | 40,000 | |
| Option Income | 18,000 | |
| Other | <u>5,000</u> | |
| TOTAL REVENUE | | \$ 462,000 |

(Sales and Option Income estimates only; dependent upon marketing approach taken to dispose of properties)

ESTIMATED EXPENSES

Administration

EDC ALLOCATION* \$ 250,000*

Maintenance

| | |
|--------------------------|--------------|
| Equipment Purchase | \$ 5,000 |
| Board-up Expense | 13,000 |
| Supplies | 6,000 |
| Tree Removal/Trimming | 10,000 |
| Demolition | 10,000 |
| Lot Clean Up | 125,000 |
| Property Expense - Eagle | 10,000 |
| Vehicle | 12,000 |
| Miscellaneous | <u>5,000</u> |

Real Estate

| | | |
|-------------------------|--------------|-------------------|
| Title | \$ 35,000 | \$ 196,000 |
| Appraisal | 5,000 | |
| Computer Access Charges | 12,000 | |
| Signage | 1,000 | |
| Insurance | 110,000 | |
| Miscellaneous | <u>3,000</u> | |
| | | <u>\$ 166,000</u> |

TOTAL EXPENSES \$ 612,000

Estimated Operating Deficit 1990 (150,000)

Estimated Beginning Cash Balance 150,000

Anticipated Cash Balance 12/31/90 -0-

*(Actual administrative costs are \$262,000 higher than allocation to EDC. Funding subsidy to negate this shortfall is provided to EDC by CDBG funds).

THE LAND REUTILIZATION AUTHORITY
BUDGET SUMMARY PROPOSAL - 1989
DRAFT #1 - AUGUST 11, 1988

REVENUES

| | | |
|--------------------------------|----|---------------|
| Sales | \$ | 420,000 |
| Rental Income | | 30,000 |
| Option Fees | | 55,000 |
| Miscellaneous | | 23,000 |
| CDA Contract Revenue | | 350,000 |
| LRA Real Estate Management Fee | | <u>15,000</u> |
| TOTAL REVENUES | \$ | 893,000 |

EXPENSES

| | | |
|-------------------------|----------------|-------------------|
| Personnel Expenses: | | |
| Administrative | \$ 169,150 | |
| Program | <u>262,472</u> | \$ 431,622 |
| Office Expense | | 19,265 |
| Data Processing Expense | | 14,400 |
| Real Estate Expense | | 79,200 |
| Maintenance Expense | | 207,990 |
| Occupancy Expense: | | |
| Administrative | \$ 15,560 | |
| Program | <u>4,745</u> | \$ 20,305 |
| Outside Changes | | <u>120,770</u> |
| TOTAL EXPENSE | | <u>\$ 893,552</u> |

| | |
|-------------------|--------------------------|
| NET PROFIT (LOSS) | <u><u>\$ (552)</u></u> |
|-------------------|--------------------------|